

OUTDSHOORN

MUNICIPALITY



UNAUDITED

FINANCIAL STATEMENTS

30 JUNE 2013

OUTDSHOORN LOCAL MUNICIPALITY

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Oudshoorn Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

South African Category B Municipality WC045 (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

Grade 3

The Oudshoorn Municipality includes the following areas:
Oudtshoorn, Dysselsdorp, De Rust, Volmoed, De Hoop

Executive Mayor	G April
Deputy Executive Mayor	VM Donson
Executive Councillor	N Gunguluza
Executive Councillor	L Stalmeester
Executive Councillor	Z G Phillips
Executive Councillor	E N Ngalo
Executive Councillor	C J Wagenaar
Speaker	JNH Stoffels

R Lottering (Acting)

F Human (Acting)

PO Box 255
6625

Private Bag X1
CHEMPET
7442

STANDARD BANK

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

ODTSHOORN MUNICIPALITY

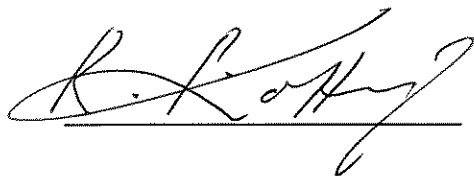
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

MEMBERS OF THE OUDTSHOORN MUNICIPALITY

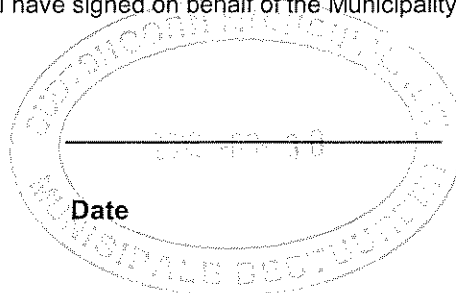
Ward	Councillor
1	J Le Roux Krowitz
2	P Nel
3	D de Jager
4	N Gunguluza
5	Vacant
6	Vacant
7	PL Roberts
8	EN Ngalo
9	G April
10	L Stalmeester
11	RR Wildschut
12	DJ Fourie
13	Vacant
Proportional	J Stoffels
Proportional	M Wagenaar
Proportional	E Fortuin
Proportional	DV Donson
Proportional	C Mac Pherson
Proportional	F Magxaka
Proportional	J Maxim
Proportional	M Titus
Proportional	G Phillips
Proportional	IV v/d Westhuizen
Proportional	B van Wyk
Proportional	C Wagenaar

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, in terms of Section 126(1) of the Municipal Finance Management Act, which I have signed on behalf of the Municipality.



R Lottering
Acting Municipal Manager



OUDTSHOORN LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

	Notes	2013 R	2012 R
NET ASSETS AND LIABILITIES			
Net Assets		427 613 603	444 178 792
Accumulated Surplus/(Deficit)		427 613 603	444 178 792
Non-Current Liabilities		239 775 628	200 257 325
Long-term Liabilities	2	92 219 228	68 829 092
Employee benefits	3	68 652 012	55 536 253
Non-Current Provisions	4	78 904 388	75 891 980
Current Liabilities		86 936 023	75 787 133
Consumer Deposits	5	5 488 905	5 150 143
Current Employee benefits	6	13 499 907	16 035 625
Current Portion of Provisions	7	5 326 010	3 570 660
Payables from exchange transactions	8	33 764 995	32 672 311
Unspent Conditional Government Grants and Receipts	9	12 524 017	8 142 814
Unspent Public Contributions	10	244 374	244 374
Current Portion of Long-term Liabilities	2	16 087 815	9 971 206
Total Net Assets and Liabilities		754 325 254	720 223 250
ASSETS			
Non-Current Assets		656 119 647	630 382 198
Property, Plant and Equipment	12	561 150 294	534 614 096
Investment Property	16	85 624 677	86 278 252
Intangible Assets	17	378 054	191 669
Capitalized Restoration Cost	15	8 966 622	9 298 182
Current Assets		98 205 606	89 841 052
Inventory	18	1 369 784	1 567 089
Assets held for sale	13	315 225	-
Receivables from exchange transactions	19	46 762 549	42 584 818
Receivables from non-exchange transactions	20	27 241 538	23 826 372
Unpaid Conditional Government Grants and Receipts	9	981 375	62 020
Operating Lease Asset	21	1 765 745	1 240 766
Taxes	11	2 794 784	4 995 509
Cash and Cash Equivalents	22	16 974 605	15 564 478
Total Assets		754 325 254	720 223 250

OUDTSHOORN LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 (Actual) R	2012 (Restated) R
REVENUE			
Revenue from Non-exchange Transactions		160 910 392	133 519 776
Taxation Revenue		46 850 016	40 934 467
Property taxes	23	46 850 016	40 934 467
Transfer Revenue		111 785 618	87 746 229
Government Grants and Subsidies- Capital	24	37 658 684	30 944 037
Government Grants and Subsidies-Operating	24	71 819 042	56 657 480
Public Contributions and Donations		120 000	144 712
Contributed/ Donated PPE	25	2 187 892	-
Other Revenue		2 274 759	4 839 080
Third Party Payments		162 966	244 526
Fines		925 657	1 663 992
Gain on disposal of Property, Plant and Equipment		1 186 135	7 215
Actuarial Gains		-	2 923 347
Revenue from Exchange Transactions		249 896 617	227 849 014
Service Charges	26	225 388 208	204 090 940
Rental of Facilities and Equipment		2 765 074	2 936 422
Interest Earned - external investments		1 400 914	2 644 864
Interest Earned - outstanding debtors		5 313 211	5 043 645
Agency Services		4 316 204	4 180 250
Other Income	27	10 713 007	8 952 893
Impairment of leases		-	-
Total Revenue		410 807 009	361 368 790
EXPENDITURE			
Employee related costs	28	140 547 728	128 080 594
Remuneration of Councillors	29	7 196 674	7 325 281
Debt Impairment	30	12 954 563	5 621 288
Depreciation and Amortisation	31	18 452 261	20 019 701
Impairments	32	125 475	147 434
Assets written-off		1 370 195	2 598
Stock written-off		-	132 443
Repairs and Maintenance		13 583 474	12 520 035
Actuarial losses	3	8 466 427	597 104
Finance Charges	33	13 054 739	9 285 963
Bulk Purchases	34	107 434 133	101 206 097
Contracted services		13 647 783	12 463 747
Operating Grant Expenditure		27 278 260	18 489 077
General Expenses	35	63 260 488	50 874 058
Total Expenditure		427 372 199	366 765 420
NET SURPLUS/(DEFICIT) FOR THE YEAR		(16 565 190)	(5 396 630)

ODTSHOORN LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

	Accumulated Surplus/ (Deficit)	Total
	R	R
2011		
Balance at 1 JULY 2011	438 041 874	438 041 874
Correction of error	11 533 548	11 533 548
Restated Balance at 30 JUNE 2011	449 575 422	449 575 422
2012		
Net Deficit for the year	(5 396 630)	(5 396 630)
Restated Balance at 30 JUNE 2012	444 178 792	444 178 792
2013		
Net Deficit for the year	(16 565 190)	(16 565 190)
Balance at 30 JUNE 2013	427 613 603	427 613 603

OUTDSHOORN LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Notes	30 JUNE 2013 R	30 JUNE 2012 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		279 730 270	258 145 795
Government - operating		71 819 042	56 657 480
Government - capital		37 658 684	30 944 037
Interest		6 714 125	7 688 509
Payments			
Suppliers and employees		(365 403 574)	(333 365 455)
Finance charges	33	(13 054 739)	(9 285 963)
Cash generated by operations	37	17 463 807	10 784 403
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	12	(45 641 191)	(34 948 441)
Purchase of Intangible Assets		(257 996)	-
Net Cash from Investing Activities		(45 899 187)	(34 948 441)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(5 801 054)	(9 594 326)
New loans raised		35 307 799	-
Increase in Consumer Deposits		338 762	334 392
Net Cash from Financing Activities		29 845 507	(9 259 935)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1 410 127	(33 423 974)
Cash and Cash Equivalents at the beginning of the year		15 564 478	48 988 452
Cash and Cash Equivalents at the end of the year	38	16 974 605	15 564 478
NET INCREASE IN CASH AND CASH EQUIVALENTS		1 410 127	(33 423 974)

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE ANNUAL FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on the accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board

Accounting policies for material transactions, events or conditions not covered by the mentioned GRAP have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 4: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

If fair value at the measurement date cannot be determined for an item of property, plant and equipment, investment property or an intangible asset, an entity may estimate such fair value using depreciated replacement cost.

The cost for depreciated replacement cost is determined by using either one of the following:

- cost of items with a similar nature currently in the municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. This is as per the requirement of GRAP1.49. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. PRESENTATION OF BUDGET INFORMATION

As noted, GRAP 24 is now effective, budget information required in terms of GRAP 24 have been disclosed in the financial statements. The presentation of budget information was prepared in accordance with the guidelines issued by the ASB.

The budgets and the financial statements are prepared on a fully comparable basis, the entity thus does not prepare a separate Statement of Comparison of Budget and Actual Amounts. All detail relating to GRAP 24 has been disclosed in the notes to the Annual Financial Statements. Where needed the entity have prepared a reconciliation of the actual amounts on a comparable basis to the actual amounts presented in the financial statements. Where applicable a reason has been supplied where variances between actual and budget information is considered material.

1.6. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

Standard	Description	Effective Date
GRAP 18	Segment Reporting Information to a large extent is already included in the notes to the annual financial statements.	Unknown
GRAP 20	Related Party Disclosures Information to a large extent is already included in the notes to the annual financial statements.	Unknown
GRAP 105	Transfer of Functions Between Entities Under Common Control No significant impact is expected as the entity does not participate in such business transactions.	Unknown
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	Unknown

	No significant impact is expected as the entity does not participate in such business transactions.	
GRAP 107	Mergers No significant impact is expected as the entity does not participate in such business transactions.	Unknown

These standards, amendments and interpretations will not have a significant impact on the municipality once implemented.

1.7. RESERVES

1.7.1 Capital Replacement Reserve (CRR)

If needed, in order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (deficit) are credited by a corresponding amount when the amounts in the CRR are utilised.

1.8. LEASES

1.8.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised on a straight-line basis over the term of the relevant lease, and differences are recognised as operating lease assets.

1.8.2 Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue.

on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease, and differences are recognised as operating lease liabilities.

1.9 GOVERNMENT GRANTS AND RECEIPTS

1.9.1 *Unspent Conditional Government Grants and Receipts*

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants and subsidies.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.9.2 *Unpaid Conditional Government Grants and Receipts*

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grants as receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.10 UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.11 PROVISIONS

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

1.12 EMPLOYEE BENEFITS

(a) *Post Retirement Medical Obligations*

The municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(b) *Long Service Awards*

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) *Accrued Leave Pay*

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee. Leave is non-vesting as per GRAP 25.14.

(d) *Performance Bonuses*

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrued to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

(e) Pension and Retirement Fund Obligations

The municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans. (see note 4.3 in the Financial Statements in this regard)

Short term Employee Benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.13. PROPERTY, PLANT AND EQUIPMENT

1.13.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired are initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.13.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.13.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

Infrastructure assets

Electricity

CLASS	ASSET TYPE	EXPECTED USEFUL LIFE
Low Voltage	LV Overhead Line	50
Low Voltage	LV Underground Cable	50
Low Voltage Network	Consumer Connection Cable	50
Low Voltage Network	Consumer Connection Point	15-30
Low Voltage Network	High Must Lighting	20
Low Voltage Network	Other Assets	15-30
Low Voltage Network	Pillar Box	40
Medium Voltage	Auto Recloser	45
Medium Voltage	Capacitor	31
Medium Voltage	Current Transformer	50

Medium Voltage	Distribution Transformer	50-61
Medium Voltage	Mini Substation	50
Medium Voltage	MV Overhead Line	10-52
Medium Voltage	MV Underground Cable	25-50
Medium Voltage	Ring Main Unit	45
Medium Voltage Substation	Auto Recloser	45
Medium Voltage Substation	Battery Tripping Unit	10.-21
Medium Voltage Substation	capacitor Bank	17
Medium Voltage Substation	Circuit Breaker	50
Medium Voltage Substation	Current Transformer	50
Medium Voltage Substation	Distribution Transformer	50-52
Medium Voltage Substation	Electrical Plant	30
Medium Voltage Substation	Metering Unit	45
Medium Voltage Substation	MV Switchgear	45
Medium Voltage Substation	Natural Earthing Resistor	50
Medium Voltage Substation	Other Assets	15-51
Medium Voltage Substation	Power Transformer	50
Medium Voltage Substation	Protection Panel	45
Medium Voltage Substation	Ring Main Unit	45-51
Medium Voltage Substation	Voltage Transformer	50

Water

Borehole	Civil structure	52-100
Borehole	Electrical Plant	15
Borehole	Mechanical Plant	5.-12
Borehole	Other Assets	30
Bulk Water Pipeline	Civil structure	30-55
Bulk Water Pipeline	Electrical Plant	17
Bulk Water Pipeline	Mechanical Plant	15-40
Bulk Water Pipeline	Other Assets	15-115
Bulk Water Pipeline	Pipes	60-100
Consumer Connections	Electrical Plant	50
Consumer Connections	Mechanical Plant	50
Dam	Civil structure	50-115
Dam	Electrical Plant	17
Dam	Mechanical Plant	15-115
Dam	Other Assets	15
Pump Station	Civil structure	21-115
Pump Station	Electrical Plant	15-30
Pump Station	Mechanical Plant	15-40
Pump Station	Other Assets	21-50
Reservoir	Civil structure	21-115
Reservoir	Electrical Plant	15-45
Reservoir	Mechanical Plant	15-115
Reservoir	Other Assets	15-70
Water Pipeline	Pipes	50-100

Water Treatment Works	Civil structure	21-50
Water Treatment Works	Electrical Plant	5-31
Water Treatment Works	Mechanical Plant	15-50
Water Treatment Works	Other Assets	15-50
Weir	Civil structure	50-80
Weir	Electrical Plant	15-70
Weir	Mechanical Plant	15-50
Weir	Other Assets	30-80

Sanitation

CLASS	ASSET TYPE	EXPECTED USEFUL LIFE
Bulk Sewer Pipeline	Pipes	100
Pump station	Civil structure	50
Pump station	Electrical Plant	15-31
Pump station	Mechanical Plant	15-31
Pump station	Other Assets	15-30
Sewage Treatment Works	Civil structure	20-100
Sewage Treatment Works	Electrical Plant	15-45
Sewage Treatment Works	Mechanical Plant	15-50
Sewage Treatment Works	Other Assets	15-50
Sewer Pipeline	Pipes	50-100

Road Transport

CLASS	ASSET TYPE	EXPECTED USEFUL LIFE
Footpaths	Civil Structure	15-35
Parking Bays	Civil Structure	50-52
Road	Civil Structure	7-50
Road	Other Assets	10-50
Structure	Civil Structure	20-100
Taxi Rank	Civil Structure	50
Taxi Rank	Other Assets	15-50

Stormwater

CLASS	ASSET TYPE	EXPECTED USEFUL LIFE
Channel	Civil Structure	5-52
Culvert	Civil Structure	50
Stormwater Pipeline	Pipes	50-52

Community Assets

CLASS	EXPECTED USEFUL LIFE
Buildings	100
Recreation Facilities	20-30
Security	5
Halls	100
Libraries	100
Parks and gardens	15-20
Other Assets	15-20

Other Assets

CLASS	EXPECTED USEFUL LIFE
Buildings	100
Bicycles	3-4
Office Equipment	4-9
Furniture and fittings	5-8
Motor vehicles	5-20
Emergency equipment	5
Computer equipment	5-9
Workshop equipment	5-15
Trucks	5-32

Finance lease assets

CLASS	EXPECTED USEFUL LIFE
Office Equipment	3-5
Other assets	5

Finance lease assets are depreciated over the shortest period of the useful life of the asset or the term of the finance lease agreement.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.13.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.13.5 Land and Buildings and Other Assets – Application of Deemed Cost (Directive 4)

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in December 2009. The municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

1.14 INTANGIBLE ASSETS

1.14.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, the deemed cost is the carrying amount of the asset(s) given up.

1.14.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.14.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	Years
Computer Software	5
Computer Software Licences	5
Storm Water Master Plan	20

1.14.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.14.5 Application of deemed cost (Directive 4)

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

1.15. INVESTMENT PROPERTY

1.15.1 Initial Recognition

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.15.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less any accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Buildings are depreciated over 100 years.

1.15.3 De-recognition

Investment property is derecognised when it is disposed of or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.15.4 Application of deemed cost - Directive 4

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.16. HERITAGE ASSETS

1.16.1 Initial Recognition

Heritage assets shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

For the heritage asset to be recognised in accordance with the criteria above, it needs to be controlled by the entity as a result of past events. Even though the entity may be restricted from disposing of a heritage asset based on a stipulation imposed by, for example, a trust, statute or law, or from the transferor's stipulations, the heritage asset is still controlled by the entity when it is able to generate future economic benefits or service potential from the asset. Accordingly, the entity recognises the heritage asset when the recognition criteria is met.

Future economic benefits or service potential flowing from a heritage asset may include revenue, for example an entrance fee charged by a museum. The revenue generated by the entity under such circumstances is normally insignificant compared to the operating costs of the museum and will not result in accounting for the heritage asset as an investment property. The revenue generated is rather used towards the maintenance of the heritage asset. The heritage asset should, however, be accounted for in terms of this Standard as the heritage value attached to the specific asset constitutes its service potential.

If an entity holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of a heritage asset because it cannot be reliably measured, relevant and useful information about it shall be disclosed in the notes to the financial statements.

A heritage asset that qualifies for recognition as an asset shall be measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

The cost of a heritage asset is the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognised as interest over the period of credit, unless such interest is recognised in the carrying amount of the heritage asset in accordance with the Standard of GRAP on *Borrowing Costs*.

1.16.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, Heritage assets are measured at cost less any accumulated impairment losses.

1.16.3 De-recognition

Heritage assets are derecognised when it is disposed of or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.16.4 Transitional period

The entity has made use of the three year transitional period and will comply with the requirements of GRAP 103 by 30 June 2015. If it is deemed applicable.

1.17. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.17.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.17.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using the following approach:

- *depreciated replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of

depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.18 NON CURRENT INVESTMENTS

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.19 INVENTORIES

1.19.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business, unless they are to be distributed. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.19.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Cost of land held for sale is assigned by using specific identification of their individual costs

1.20. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange transactions and non-exchange transactions).

1. 20.1 Initial Recognition

Financial instruments are initially recognised when the municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

1. 20.2 Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1. 20.2.1 Receivables

Receivables are classified as financial instruments at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest

rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1. 20.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1. 20.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1. 20.3 *De-recognition of Financial Instruments*

1. 20.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the municipality has transferred substantially all the risks and rewards of the asset, or (b) the municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1. 20.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1. 20.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

21 REVENUE

1.21.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine revenue constitutes both spot fines and summonses. Fines are recognised as revenue when the receivables meet the definition of an asset and satisfy the criteria for recognition as an asset.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though

the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.21.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. An adjustment is made at year-end for unused units.

Service charges relating to refuse removal are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage.

Service charges from sanitation (sewerage) are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.21.3 Grants, Transfers and Donations (Non-Exchange Revenue)

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.22 RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

(a) Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and

- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

(b) Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.23 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted or is expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, or is expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

1.27 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post Retirement Medical Obligations, Long Service Awards and Ex Gratia Gratuities

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

For deemed cost applied to other assets , management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

For deemed cost applied to intangible assets management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful

life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

For deemed cost applied to Investment Property, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and Contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

Provision for Task Implementation and Back Pay

The provision at 30 June 2012 for Task Implementation represents the municipality's obligation towards qualifying officials as a result of a new national grading system for municipalities which came into effect on 1 October 2009. The calculation was based on the difference between the current basic salary compared to the basic salary as per new TASK grading. The difference between these two packages was backdated to the implementation date of the TASK grading system.

The provision at 30 June 2012 for Back Pay represents the municipality's obligation towards Section 57 Directors as a result of an amendment in their employment contracts. The calculation was based actual remuneration paid versus the requirements of the amended packages.

Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by council.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days worth of unused electricity.

Componentisation of infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.28 TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.29 AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
2 LONG-TERM LIABILITIES		
Annuity Loans - At amortised cost	105 280 372	74 846 810
Capitalised Lease Liability - At amortised cost	3 026 671	3 953 487
	108 307 043	78 800 298
Current Portion transferred to Current Liabilities	(16 087 815)	(9 971 206)
Annuity Loans - At amortised cost	(14 848 433)	(8 535 127)
Capitalised Lease Liability - At amortised cost	(1 239 382)	(1 436 078)
	92 219 228	68 829 092
Total Long-term Liabilities - At amortised cost using the effective interest rate method	92 219 228	68 829 092
Refer below for maturity dates of long term liabilities.		
The obligations under annuity loans are scheduled below:		
	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	29 489 998	16 186 946
Payable within two to five years	70 971 406	53 075 703
Payable after five years	65 988 432	46 021 369
	166 449 836	115 284 018
Less: Future finance obligations	(61 169 465)	(40 437 208)
Present value of annuity obligations	105 280 372	74 846 810
Annuity loans at amortised cost are calculated between 10.07% and 15.67% interest rate, with the first maturity date on 31 March 2014 and the last maturity date on 30 June 2027.		
The obligations under finance leases are scheduled below:		
	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	1 470 161	1 716 791
Payable within two to five years	1 945 097	2 829 545
Payable after five years	-	-
	3 415 257	4 546 336
Less: Future finance obligations	(388 586)	(592 849)
Present value of lease obligations	3 026 671	3 953 487
Leases are secured by property, plant and equipment - Note		
Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.		

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
3 EMPLOYEE BENEFITS		
Post Retirement Benefits - Refer to Note 3.1	63 482 593	50 947 845
Long Service Awards - Refer to Note 3.2	5 169 419	4 588 408
Total Non-current Employee Benefit Liabilities	68 652 012	55 536 253
	2013 R	2012 R
<u>Post Retirement Benefits</u>		
Balance 1 July	52 741 329	51 285 383
Contribution for the year	(1 793 484)	(2 049 744)
Interest Cost	4 057 462	4 336 386
Current Service Cost	2 269 822	2 092 651
Actuarial Loss/(Gain)	8 196 296	(2 923 347)
Total post retirement benefits 30 June	65 471 425	52 741 329
<u>Less:</u> Transfer of Current Portion - Note 6	<u>(1 988 832)</u>	<u>(1 793 484)</u>
Balance 30 June	63 482 593	50 947 845
<u>Long Service Awards</u>		
Balance 1 July	5 157 777	4 248 027
Contribution for the year	(569 369)	(550 481)
Interest Cost	316 060	310 434
Expenditure for the year	675 640	552 693
Actuarial Loss/(Gain)	270 131	597 104
Total long service 30 June	5 850 239	5 157 777
<u>Less:</u> Transfer of Current Portion - Note 6	<u>(680 820)</u>	<u>(569 369)</u>
Balance 30 June	5 169 419	4 588 408
<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
Balance 1 July	57 899 106	55 533 410
Contribution for the year	(2 362 853)	(2 600 225)
Interest cost	4 373 522	4 646 820
Expenditure for the year	2 945 462	2 645 344
Actuarial Loss/(Gain)	8 466 427	(2 326 243)
Total employee benefits 30 June	71 321 664	57 899 106
<u>Less:</u> Transfer of Current Portion - Note 6	<u>(2 669 652)</u>	<u>(2 362 853)</u>
Balance 30 June	68 652 012	55 536 253
	2013 R	2012 R
3.1 Post Retirement Benefits		
The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	316	306
In-service (employee) Non members	324	-
Continuation members (e.g. Retirees, widows, orphans)	82	82
Total Members	722	388
The liability in respect of past service has been estimated to be as follows:		
In-service members	27 266 049	24 923 212
In-service non members	8 590 329	-
Continuation members	29 615 047	27 818 117
Total Liability	65 471 425	52 741 329
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		

ODTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

3.1 Post Retirement Benefits (Continued)

	2011 R	2010 R	2009 R
In-service members	20 155 009	14 647 811	13 149 905
Continuation members	31 130 374	22 193 625	21 592 841
Total Liability	51 285 383	36 841 436	34 742 746

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bontas;
LA Health
Hosmed
Santwumed; and
Keyhealth.

Key actuarial assumptions used.

	2013 %	2012 %
i) Rate of interest		
Discount rate	8.75%	7.82%
Health Care Cost Inflation Rate	7.61%	6.83%
Net Effective Discount Rate	1.06%	0.93%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

	2013 R	2012 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	65 471 425	52 741 329
Net liability/(asset)	65 471 425	52 741 329

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	52 741 329	51 285 383
Total expenses	4 533 800	4 379 293
Current service cost	(1 793 484)	(2 049 744)
Interest Cost	4 057 462	4 336 386
Benefits Paid	2 269 822	2 092 651
Actuarial (gains)/losses	8 196 296	(2 923 347)
Present value of fund obligation at the end of the year	65 471 425	52 741 329
Less: Transfer of Current Portion - Note 6	(1 988 832)	(1 793 484)
Balance 30 June	63 482 593	50 947 845

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Central Assumptions	35.856	29.615	65.471

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	43.351	32.928	76.279	17%
Health care inflation	-1%	29.93	26.765	56.695	-13%
Post-retirement mortality	-1 year	37.037	30.744	67.781	4%
Average retirement age	-1 year	38.634	29.615	68.249	4%
Withdrawal Rate	-50%	39.342	29.615	68.957	5%

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
3.3 Retirement funds		
<p>The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.</p> <p>As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.</p> <p>Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans. All requirements disclosed has been made as defined in GRAP 25 31</p>		
<u>CAPE JOINT PENSION FUND</u>		
<p>The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 99.4% (30 June 2011 - 98.1%).</p>		
Contributions paid recognised in the Statement of Financial Performance	108 231	134 646
<u>CAPE RETIREMENT FUND</u>		
<p>The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 108% (30 June 2011 - 116.9%).</p>		
Contributions paid recognised in the Statement of Financial Performance	14 752 464	12 598 723
Contributions paid recognised in the Statement of Financial Performance		
Municipal Councillors Pension Fund	-	52 005
Oudtshoorn Municipal Workers Annuity Fund	4 629 913	4 281 403
Cape Joint Retirement Fund for Councillors	408 301	334 623
	<u>5 038 214</u>	<u>4 668 031</u>
	2013 R	2012 R
4 NON-CURRENT PROVISIONS		
Provision for Rehabilitation of Landfill-sites	78 904 388	75 891 980
Total Non-current Provisions	<u>78 904 388</u>	<u>75 891 980</u>
	2013 R	2012 R
<u>Landfill Sites</u>		
Balance 1 July	79 462 640	79 357 815
Contribution for the year	4 767 756	104 825
Total provision 30 June	<u>84 230 398</u>	<u>79 462 640</u>
<u>Less:</u> Transfer of Current Portion to Current Provisions - Note 7	<u>(5 326 010)</u>	<u>(3 570 660)</u>
Balance 30 June	<u>78 904 388</u>	<u>75 891 980</u>
The landfill sites consist of the following solid waste disposal sites with a remaining useful life of		
	2013 No of Years	2012 No of Years
Grootkop Landfill	42	43
Dysselsdorp Landfill	1	1
De Rust Landfill	1	2

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
5 CONSUMER DEPOSITS		
Electricity	2 585 830	2 429 522
Water	2 903 075	2 720 621
Other	-	-
Total Consumer Deposits	5 488 905	5 150 143
Guarantees held in lieu of Electricity and Water Deposits	-	-

The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

	2013 R	2012 R
6 CURRENT EMPLOYEE BENEFITS		
Current Portion of Post Retirement Benefits - Note 3	1 988 832	1 793 484
Current Portion of Long-Service Provisions - Note 3	680 820	569 369
Staff Leave	6 989 258	6 045 522
Bonuses	3 360 941	3 088 731
TASK Evaluation	480 056	4 538 519
Total Current Employee Benefits	13 499 907	16 035 625

The movement in current employee benefits are reconciled as follows:

Staff Leave

Balance at beginning of year	6 045 522	5 707 247
Contribution to current portion	1 523 482	692 633
Expenditure incurred	(579 746)	(354 359)
Balance at end of year	6 989 258	6 045 522

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement

Bonuses

Balance at beginning of year	2 837 692	2 714 631
Contribution to current portion	5 962 220	5 185 389
Expenditure incurred	(5 611 815)	(5 062 328)
Balance at end of year	3 188 297	2 837 692

Performance Bonuses

Balance at beginning of year	251 039	-
Contribution to current portion	(78 395)	251 039
Balance at end of year	172 644	251 039

Pension fund shortages

Balance at beginning of year	-	357 343
Contribution to current portion	-	30 542
Expenditure incurred	-	(387 884)
Balance at end of year	-	-

It was reported that the established investment return of the fund for the past financial year was -0.94%. Local authorities, including the Economic Entity, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets. The municipality has paid the shortfall over to the retirement fund.

TASK Evaluation

Balance at beginning of year	4 538 519	1 077 065
Contribution to current portion	-	3 461 454
Expenditure incurred	(4 058 463)	-
Balance at end of year	480 056	4 538 519

The Categorisation and Job Evaluation Wage Curves Collective Agreement became effective on 1 July 2010. Hereby all employees (excluding Municipal Manager, Section 57 Managers and contractual employees) are to receive new wage rates as a result of their jobs being evaluated as per the TASK Job Evaluation System and published by SALGBC. Qualifying employees will receive back pay as from 1 October 2009 as per clause 7.2.6 of the Collective Agreement.

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
7 PROVISIONS		
Current Portion of Rehabilitation of Landfill-sites - Note 3	5 326 010	3 570 660
Total Provisions	5 326 010	3 570 660

	2013 R	2012 R
8 PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	75 996	16 482
Pre-paid electricity	186 657	333 590
Sundry Creditors	26 201 610	25 934 250
Payments received in advance	4 261 867	3 627 296
Retention fees	369 719	101 419
Workmans Compensation	-	579 985
Unallocated funds debtors	1 585 604	1 215 565
Sundry Deposits	1 083 542	863 824
Total Trade Payables	33 764 995	32 672 311

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

Sundry deposits include hall, builders and housing Deposits

	2013 R	2012 R
9 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
Unspent Grants	12 524 017	8 142 814
National Government Grants	1 667 971	1 919 203
Provincial Government Grants	10 694 205	6 061 770
District Municipality	161 841	161 841
Less: Unpaid Grants	981 375	62 020
National Government Grants	981 375	62 020
Provincial Government Grants	-	-
Total Conditional Grants and Receipts	11 542 642	8 080 794

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld

	2013 R	2012 R
10 UNSPENT PUBLIC CONTRIBUTIONS		
Tuiniqua Consulting Engineers	111 200	111 200
Alpha aan den Rijn	-	-
Klein Karoo Agri	1 851	1 851
National Lottery	14 020	14 020
Donation N.A. Smit	117 303	117 303
Umsobombo Youth Fund	-	-
Total Unspent Public Contributions	244 374	244 374

Reconciliation of public contributions

Opening balance	244 375	119 087
Contributions received	120 000	270 000
Conditions met - Transferred to revenue	(120 000)	(144 712)
Closing balance	244 375	244 375

Tuiniqua Consulting Engineers

Opening balance	111 200	111 200
Contributions received	-	-
Conditions met - Transferred to revenue	-	-
Closing balance	111 200	111 200

An amount was conditionally donated towards a study bursary for an engineering student

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
10	UNSPENT PUBLIC CONTRIBUTIONS (Continued)		
	Klein Karoo Agri		
	Opening balance	1 851	1 851
	Contributions received	-	-
	Conditions met - Transferred to revenue	-	-
	Closing balance	<u>1 851</u>	<u>1 851</u>
	Donation towards the erection of a gravestone at the Suikerbult graveyard		
	National Lottery		
	Opening balance	14 020	14 020
	Contributions received	-	-
	Conditions met - Transferred to revenue	-	-
	Closing balance	<u>14 020</u>	<u>14 020</u>
	Donation towards the upgrading of rural sport facilities		
	Donation N.A. Smit		
	Opening balance	117 303	117 303
	Contributions received	-	-
	Conditions met - Transferred to revenue	-	-
	Closing balance	<u>117 303</u>	<u>117 303</u>
	Donation for a study bursary		
	Standard Bank Sport Development		
	Opening balance	-	(125 288)
	Contributions received	120 000	270 000
	Conditions met - Transferred to revenue	(120 000)	(144 712)
	Closing balance	<u>-</u>	<u>-</u>
		2013 R	2012 R
11	TAXES		
11.1	VAT PAYABLE		
	VAT Payable	12 523 066	34 712 038
	Total Vat payable	<u>12 523 066</u>	<u>34 712 038</u>
11.2	VAT RECEIVABLE		
	VAT input in suspense	15 317 851	39 707 547
	Total VAT receivable	<u>15 317 851</u>	<u>39 707 547</u>
11.3	NET VAT RECEIVABLE/(PAYABLE)	<u>2 794 784</u>	<u>4 995 509</u>
	VAT is receivable/payable on the cash basis.		

PPE NOTES PLEASE REPLACE

PPE NOTES PLEASE REPLACE

ODTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

12.1 Assets pledged as security:

All the assets which are obtained by financial leases are pledged as security. See Annexure- A, for a comprehensive description

13 NON CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale at beginning of year - at book value

Additions for the year

Investment Property

Land and Buildings

2013
R

2012
R

-	-
315 225	-
254 108	-
61 117	-
315 225	-

Non-current assets held for sale at end of year - at book value

14 HERITAGE ASSETS

GRAP 103 should be applied retrospectively. Previously, no prescriptive accounting requirements existed for heritage assets. Although GRAP 103 should be applied retrospectively, entities are granted a period of three years in which to measure their heritage assets. These transitional provisions are similar to those granted to medium and low capacity municipalities for other asset-related Standards. Entities would need to develop a policy for distinguishing heritage and other assets such as property, plant and equipment, investment properties, inventories, intangible assets etc., and apply this policy in identifying heritage assets that are to be included in the asset register.

The potential heritage assets identified consist of but are not limited to:

CP Nel Museum Building

The building reflects a late Victorian Colonial style of a classical building. In 1980 the building complex was declared a National Monument.

2013
R

2012
R

15 CAPITALISED RESTORATION COST

Net Carrying amount at 1 July

9 298 182 9 548 825

Cost

Accumulated Depreciation

Accumulated Impairments

15 792 641	15 792 641
(6 107 781)	(5 879 374)
(386 679)	(364 443)

Movement

(331 559) (250 643)

Depreciation for the year

Impairment

(227 206)	(228 407)
(104 353)	(22 236)

Net Carrying amount at 30 June

8 966 622 9 298 182

Cost

Accumulated Depreciation

Accumulated Impairment

15 792 641	15 792 641
(6 334 887)	(6 107 781)
(491 032)	(386 679)

2013
R

2012
R

16 INVESTMENT PROPERTY

Net Carrying amount at 1 July

86 278 252 85 401 168

Cost

Accumulated Depreciation

Prior period error on cost- refer note 36

Transfer cost to non current assets held for sale

Depreciation for the year

87 877 700	87 598 700
(1 599 448)	(1 197 532)
	279 000
(254 108)	-
(399 467)	(401 916)

Net Carrying amount at 30 June

85 624 677 86 278 252

Cost

Accumulated Depreciation

87 623 592	87 877 700
(1 998 916)	(1 599 448)

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements

Revenue derived from the rental of investment property

2 765 074 2 263 053

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
17 INTANGIBLE ASSETS		
Computer Software		
Net Carrying amount at 1 July	191 669	253 578
Cost	631 682	631 682
Accumulated Amortisation	(440 013)	(378 104)
Additions	257 996	-
Amortisation	(71 611)	(85 880)
Correction of error refer note 36	-	23 971
Net Carrying amount at 30 June	378 054	191 669
Cost	889 678	631 682
Accumulated Amortisation	(511 624)	(440 013)

No intangible asset were assessed as having an indefinite useful life. There are no internally generated intangible assets at reporting date. There are no intangible assets whose title is restricted. There are no intangible assets pledged as security for liabilities. There are no contractual commitments for the acquisition of intangible assets.

	2013 R	2012 R
18 INVENTORY		
Maintenance Materials - At cost	1 146 222	1 166 093
Prior Period error refer note 36	-	151 730
Water – at cost	223 562	249 265
Total Inventory	1 369 784	1 567 089
Consumable stores materials written down due to losses as identified during the annual stores counts.	-	132 443
Consumable stores materials surpluses identified during the annual stores counts.	-	-
Inventory recognised as an expense during the year	781 682	223 514

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
19 RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	16 320 223	12 758 297
Water	24 225 956	19 175 673
Refuse	13 458 472	13 346 111
Klein Karoo Water scheme	3 580 299	3 151 661
Sewerage	15 101 682	13 602 929
Payments received in advance	3 722 341	3 384 570
Units not billed	3 756 619	3 371 831
Housing Rentals	570	386
Other	5 691 531	7 282 669
Total Receivables from Exchange Transactions	85 657 693	76 074 127
Less: Allowance for Doubtful Debts	(39 095 144)	(33 489 309)
Total Net Receivables from Exchange Transactions	46 762 549	42 584 818
Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.		
Ageing of Receivables from Exchange Transactions:		
<u>(Electricity): Ageing</u>		
Current (0 - 30 days)	10 618 285	9 048 906
31 - 60 Days	495 658	337 477
61 - 90 Days	376 737	317 223
+ 90 Days	4 829 543	3 054 691
Total	16 320 223	12 758 297
<u>(Water): Ageing</u>		
Current (0 - 30 days)	2 049 990	2 708 832
31 - 60 Days	1 195 834	1 067 827
61 - 90 Days	1 032 500	1 015 802
+ 90 Days	19 947 632	14 383 212
Total	24 225 956	19 175 673
<u>(Refuse): Ageing</u>		
Current (0 - 30 days)	890 841	699 122
31 - 60 Days	298 905	274 649
61 - 90 Days	261 526	256 228
+ 90 Days	12 007 200	12 116 111
Total	13 458 472	13 346 111
<u>(Klein Karoo Water Scheme): Ageing</u>		
Current (0 - 30 days)	531 644	393 068
31 - 60 Days	102 572	140 375
61 - 90 Days	91 758	82 308
+ 90 Days	2 854 325	2 535 911
Total	3 580 299	3 151 661

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
19 RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)		
<u>(Sewerage): Ageing</u>		
Current (0 - 30 days)	1 444 684	172 779
31 - 60 Days	409 738	371 385
61 - 90 Days	336 498	354 687
+ 90 Days	12 910 762	12 704 078
Total	15 101 682	13 602 929
<u>(Payments received in Advance): Ageing</u>		
Current (0 - 30 days)	3 722 341	3 384 570
Total	3 722 341	3 384 570
<u>(Units not billed): Ageing</u>		
Current (0 - 30 days)	3 756 619	3 371 831
Total	3 756 619	3 371 831
<u>(Rent): Ageing</u>		
+ 90 Days	570	386
Total	570	386
<u>(Other): Ageing</u>		
Current (0 - 30 days)	200 036	1 129 202
31 - 60 Days	31 494	29 577
61 - 90 Days	16 537	35 892
+ 90 Days	5 443 464	6 087 997
Total	5 691 531	7 282 669
<u>(Total): Ageing</u>		
Current (0 - 30 days)	23 214 442	21 272 155
31 - 60 Days	2 534 200	2 221 291
61 - 90 Days	2 115 556	2 062 141
+ 90 Days	57 993 495	50 518 540
Total	85 857 693	76 074 127
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	33 489 309	28 450 946
Contribution to provision	11 225 977	5 038 363
Bad Debts Written Off	(5 620 142)	-
Balance at end of year	39 095 144	33 489 309
Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.		
Trade and other receivables past due but not impaired		
The ageing of receivables from exchange transactions past due but not impaired is as follows.		
<u>Neither past due nor impaired</u>		
Current (0-30 days)	18 732 262	16 954 949
<u>Past due and not impaired</u>		
1 month past due	2 534 200	2 221 291
2+ months past due	2 115 556	2 062 141
	23 382 018	21 238 381

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
20 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Rates	16 110 788	14 774 965
Other Receivables	16 973 307	14 905 535
Payments in advance	539 526	242 726
Suspense Debtors	16 433 781	4 782 863
Correction of error refer note 36	-	9 879 945
Total Receivables from Non-Exchange Transactions	33 084 095	29 680 499
Less: Allowance for Doubtful Debts	(5 842 557)	(5 854 128)
Total Net Receivables from Non-Exchange Transactions	27 241 538	23 826 372
Ageing of Receivables from Non-Exchange Transactions:		
<u>(Rates): Ageing</u>		
Current (0 - 30 days)	3 218 337	2 693 637
31 - 60 Days	589 340	475 872
61 - 90 Days	456 107	427 180
+ 90 Days	11 847 004	11 178 276
Total	16 110 788	14 774 965
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	5 854 128	5 289 365
Contribution to provision	1 728 586	582 925
Bad Debts Written Off	(1 740 157)	(18 182)
Balance at end of year	5 842 557	5 854 128
Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.		
Trade and other receivables past due but not impaired		
The ageing of receivables from non exchange transactions past due but not impaired is as follows:		
<u>Neither past due nor impaired</u>		
Current (0-30 days)	3 537 307	2 928 297
<u>Past due and not impaired</u>		
1 month past due	588 652	475 872
2+ months past due	455 492	427 180
	4 581 452	3 831 349
	2013 R	2012 R
21 OPERATING LEASE ARRANGEMENTS		
21.1 The Municipality as Lessee (Liability)		
Balance on 1 July	-	19 641
Movement during the year	-	(19 641)
Balance on 30 June	-	-
21.2 The Municipality as Lessor (Asset)		
Balance on 1 July	1 240 766	575 891
Movement during the year	524 979	502 134
Correction of error refer note 36	-	162 942
Balance on 30 June	1 765 745	1 240 766
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
Up to 1 Year	1 249 045	1 013 792
1 to 5 Years	5 427 772	4 374 383
More than 5 Years	22 214 152	20 517 280
Total Operating Lease Arrangements	28 890 969	25 905 456
This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income		
The leases are in respect of land and buildings being leased out for several purposes.		

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
22 CASH AND CASH EQUIVALENTS		
<u>Assets</u>		
Call Investments Deposits	9 487 635	12 107 740
Bank Accounts	7 476 436	3 446 204
Cash Floats	10 534	10 534
Total Cash and Cash Equivalents - Assets	16 974 605	15 564 478
<u>Liabilities</u>		
Primary Bank Account	-	-
Total Cash and Cash Equivalents - Liabilities	-	-
Cash and cash equivalents comprises of cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
Call Investment Deposits to an amount of R 9,487,635 is held to fund the Unspent Conditional Grants (2012: R 12,107,740)		
The municipality has the following bank accounts:		
<u>Current Accounts-Cash book balances</u>		
Standard Bank George-Account Number 082795068 (Primary Bank Account)	6 671 544	1 269 878
Standard Bank George-Account Number 082795754 (Primary Bank Account)	575 757	1 083 648
Standard Bank George-Account Number 082797331 (KKWS)	(105 964)	30 802
Standard Bank George-Account Number 082795428 (Traffic Account)	335 098	1 061 876
	7 476 436	3 446 204
Cash book balance at beginning of year	3 446 204	13 810 710
Cash book balance at end of year	7 476 436	3 446 204
<u>Standard Bank George-Account Number 082795068 (Primary Bank Account)</u>		
Bank statement balance at beginning of year	2 368 086	11 339 935
Bank statement balance at end of year	6 711 610	2 358 086
<u>Standard Bank George-Account Number 082795754 (Primary Bank Account)</u>		
Bank statement balance at beginning of year	321 992	451 902
Bank statement balance at end of year	192 713	321 992
<u>Standard Bank George-Account Number 082795428 (Traffic Account)</u>		
Bank statement balance at beginning of year	1 061 876	1 162 871
Bank statement balance at end of year	335 098	1 061 876
<u>Standard Bank George-Account Number 082797331 (KKWS)</u>		
Bank statement balance at beginning of year	93 870	91 720
Bank statement balance at end of year	41 959	93 870
<u>Call Investment Deposits</u>		
Call investment deposits consist out of the following accounts:		
Nedbank Account nr 03/7881001143/000/122	5 006 507	-
Absa Account nr 20-6768-1100	874 268	830 468
Standard Account nr 488731232002/015	-	9 071 098
Standard Account nr 488731232002/016	16 186	-
Standard Account nr 488731232001	1 767 915	1 691 285
FNB Account nr RU000105050 Income Plus	540 991	514 888
FNB Account nr RU500675290	1 281 767	-
	9 487 635	12 107 740
The municipality is also exposed to a number of guarantees issued in favour of trade creditors. These guarantees are listed below:		
Guarantee held at Standard Bank of South Africa in the favour of ESKOM	409 100	409 100
Guarantee held at Standard Bank of South Africa in the favour of Automated Fuel Systems.	200 000	200 000
	609 100	609 100

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
23	PROPERTY RATES		
	<u>Actual</u>		
	Rateable Land and Buildings	49 962 194	43 580 937
	Property taxes	49 962 194	43 580 937
	Less: Rebates	(3 112 178)	(2 646 470)
	Total Assessment Rates	46 850 016	40 934 467
	<u>Valuations - 1 JULY 2012</u>		
	Rateable Land and Buildings		
	Residential	4 241 321 000	3 760 705 745
	Business & Commercial	1 034 287 000	822 853 840
	Churches	167 376 000	207 469 150
	Government	622 980 000	601 678 150
	Pensioners	12 538 000	4 836 750
	Other	457 180 600	165 555 200
	Agricultural	1 044 907 000	772 802 990
	Total Assessment Rates	7 580 589 600	6 335 901 825
	Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2012		
	Rates:		
	Residential	757273c/R	724663c/R
	Government	101341c/R	969768c/R
	Commercial	101341c/R	969768c/R
	Agricultural	094659c/R	090583c/R
	Rates are levied annually and monthly. Monthly rates are payable by the 7th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate on outstanding monthly rates.		
	Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
24	GOVERNMENT GRANTS AND SUBSIDIES		
	Unconditional Grants	44 928 000	39 450 000
	Equitable Share	43 034 000	37 596 000
	Water Affairs	1 894 000	1 854 000
	Conditional Grants	64 549 726	48 111 517
	Grants and donations	64 549 726	48 111 517
	Total Government Grants and Subsidies	109 477 726	87 601 517
	Government Grants and Subsidies - Capital	37 658 684	30 944 037
	Government Grants and Subsidies - Operating	71 819 042	56 657 480
		109 477 726	87 601 517
	The municipality does not expect any significant changes to the level of grants		
24.1	Equitable share		
	Grants received	43 034 000	37 596 000
	Conditions met - Operating	(43 034 000)	(37 596 000)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-
	The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
24.2	Extended Public Works Program		
	Opening balance	1 068 203	497 872
	Grants received	2 350 000	3 553 000
	Conditions met - Operating	(4 130 257)	(2 982 669)
	Conditions met - Capital	(253 059)	-
	Conditions still to be met	(965 113)	1 068 203
	Job creation projects in previous disadvantage areas		
24.3	Finance Management Grant		
	Opening balance	-	-
	Grants received	1 250 000	1 250 000
	Conditions met - Operating	(1 248 159)	(1 222 210)
	Conditions met - Capital	(1 841)	(27 790)
	Conditions still to be met	-	-
	The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003.		

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
24 GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
24.4 Finance Management Support Grant		
Opening balance	-	-
Grants received	250 000	100 000
Conditions met - Operating	-	(100 000)
Conditions met - Capital	-	-
Conditions still to be met	<u>250 000</u>	<u>-</u>
The Financial Management Support Grant was received from Provincial Treasury to assist with the implementation of Risk management and the procurement of Caseware Software		
24.5 Municipal Systems Improvement Grant		
Opening balance	-	(58 784)
Grants received	800 000	790 000
Conditions met - Operating	(800 000)	(731 216)
Conditions met - Capital	-	-
Grant expenditure to be recovered	<u>-</u>	<u>-</u>
The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems, paid by National Treasury.		
24.6 Municipal Infrastructure Grant (MIG)		
Opening balance	-	-
Grants received	17 505 000	14 431 000
Conditions met - Operating	(106 388)	(401 000)
Conditions met - Capital	(17 398 612)	(14 030 000)
Conditions still to be met	<u>-</u>	<u>-</u>
The grant was used to upgrade infrastructure in previously disadvantaged areas, paid by National Treasury.		
24.7 Housing Grants		
Opening balance	3 013 283	2 197 339
Grants received	16 953 700	10 331 983
Conditions met - Operating	(17 216 703)	(9 516 039)
Conditions met - Capital	-	-
Conditions still to be met	<u>2 750 280</u>	<u>3 013 283</u>
Housing grants was utilised for the development of erven and the erection of top structures, paid by the Provincial Government.		
24.8 DME Electrification New Housing Projects		
Opening balance	851 000	1 783 160
Grants received	1 000 000	851 000
Conditions met - Operating	-	-
Conditions met - Capital	(1 022 998)	(1 567 510)
Correction of error refer note 36	-	(215 650)
Conditions still to be met	<u>828 002</u>	<u>851 000</u>
The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
24.9 SETA		
Opening balance	-	-
Grants received	497 668	561 319
Conditions met - Operating	(497 668)	(561 319)
Conditions still to be met	<u>-</u>	<u>-</u>
For training and skills development paid by the National Department of Labour		
24.10 Neighbourhood Development Grant (NDPG)		
Opening balance	(45 758)	4 878 530
Grants received	10 825 000	9 000 000
Conditions met - Capital	(9 939 273)	(13 924 288)
Conditions still to be met	<u>839 969</u>	<u>(45 758)</u>
Job creation in the previous disadvantage areas		
24.11 RBIG (DWAF)		
Opening balance	-	-
Grants received	8 000 000	1 000 000
Conditions met - Capital	(8 000 000)	(1 000 000)
Conditions still to be met	<u>-</u>	<u>-</u>
The grant was given to assist with the water shortage in the area		
24.12 Refurbishment grant (Water affairs)		
Opening balance	-	-
Grants received	500 000	-
Conditions met - Operating	(500 000)	-
Conditions still to be met	<u>-</u>	<u>-</u>
The grant was given to assist with the refurbishment of water assets		

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
24 GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
24.13 Military sports academy		
Opening balance	1 000 000	-
Grants received	-	1 000 000
Conditions met - Capital	-	-
Conditions still to be met	<u>1 000 000</u>	<u>1 000 000</u>
The grant was received from the Department of Sport and Cultural affairs for the building of a sport academy		
24.14 CRDP GRANT		
Opening balance	-	636 814
Conditions met - Operating	-	(636 814)
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>-</u>
The grant was received from the Department of Land affairs for Rural Development		
24.15 Thusong Centre Operational support grant		
Opening balance	-	-
Grants received	218 000	-
Conditions met - Operating	(218 000)	-
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>-</u>
The grant was received from Provincial Government to assist with the operating expenditure of the Centre		
24.16 ABS Programme		
Opening balance	-	-
Grants received	5 000 000	-
Conditions met - Operating	(1 260 354)	-
Conditions met - Capital	-	-
Conditions still to be met	<u>3 739 646</u>	<u>-</u>
The grant was received from Provincial Government to assist with the provision of Access to basic services		
24.17 Provincial Sport Grant		
Opening balance	-	-
Grants received	94 000	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>94 000</u>	<u>-</u>
The grant was received from Provincial Government to assist development of Sport		
24.18 Other Grants		
Opening balance	2 803 091	148 847
Grants received	4 662 206	6 407 860
Transfers and other income	-	-
Conditions met - Operating	(2 659 000)	(3 032 137)
Conditions met - Capital	(1 191 413)	(84 664)
Write off - Irrecoverable grant expenditure	-	-
Conditions still to be met	<u>3 614 884</u>	<u>2 803 091</u>
Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)		
24.19 Total Grants		
Opening balance	8 080 794	8 810 149
Grants received	112 939 574	86 872 162
Conditions met - Operating	(71 670 530)	(56 779 404)
Conditions met - Capital	(37 807 196)	(30 606 462)
Correction of error	-	(215 650)
Conditions still to be met/(Grant expenditure to be recovered)	<u>11 542 642</u>	<u>8 080 794</u>
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	12 524 017	8 142 814
Unpaid Conditional Government Grants and Receipts	(981 375)	(62 020)
Reallocated opening balance	<u>11 542 642</u>	<u>8 080 795</u>

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

25 CONTRIBUTED PPE

During the year ended 30 June 2013 the following assets were donated to the municipality

- Cricket Clubhouse by South Western Districts
- Improvements to NA Smit Swimming pool by the Cango Caves

1 676 138	-
511 754	-
2 187 892	-

26 SERVICE CHARGES

- Electricity
- Water
- Water Klein Karoo Rural Scheme
- Refuse removal
- Sewerage and Sanitation Charges

2013 R	2012 R
162 138 924	144 478 265
38 512 162	35 611 703
4 920 939	5 340 513
12 766 448	11 618 232
22 081 301	20 750 015
240 419 774	217 798 729
(15 031 565)	(13 707 789)
225 388 209	204 090 940

Less: Rebates

Total Service Charges

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

27 OTHER INCOME

- Admin Fees
- Advertising Fees
- Parking Fees
- Cemeteries
- Water sundries
- Traffic
- Electricity sundries
- Cango Mountain Resort
- Airport landings
- Sportgrounds and swimming pools
- Recovered taxes
- Stock adjustments
- Townplanning
- VAT Review
- Infrastructure levies
- Libraries
- Photostats and faxes
- Valuation certificates
- Rezoning Fees
- Sundries
- Total Other Income**

1 149 978	1 586 635
34 043	40 526
59 751	20 974
675 019	568 804
91 764	144 782
270 041	260 577
678 100	746 110
1 330 409	1 365 114
7 183	9 783
201 114	194 001
-	1 720 325
45 950	-
372 385	369 743
2 932 277	-
199 700	10 390
52 425	48 206
11 469	2 945
66 262	47 828
14 912	17 368
2 520 223	1 797 781
10 713 006	8 952 893

Sundry income represents sundry income such as building plans, sale of sundry items and fees for items not included under service charges (camping, fire brigade and impounding fees)

28 EMPLOYEE RELATED COSTS

- Acting Allowance
- Bargaining Allowance
- Bonuses
- Contribution to Long Service awards
- Contribution to Post Employment Medical
- Contributions to Group Insurance
- Contributions to Medical Aid
- Contributions to Pension
- Contributions to UIF
- Contributions to Workman's Compensation
- Housing Benefits and Allowance
- Leave payments
- Other Allowance
- Overtime payments
- Provision for TASK
- Salaries and Wages
- Shift Allowance
- Skills Development
- Standby Allowance
- Telephone Allowance
- Temporary Personnel
- Travelling Allowance
- Total Employee Related Costs**

835 011	1 989 160
42 900	29 319
5 611 615	5 062 326
1 017 207	860 219
6 092 048	6 429 036
1 428 850	1 296 141
4 946 039	4 441 324
16 328 946	12 479 657
728 627	630 071
1 268 140	579 885
752 149	758 608
237 445	1 141 893
521 044	440 225
5 609 749	4 925 775
-	3 461 454
80 343 852	73 051 100
210 053	179 938
982 871	868 487
1 104 039	902 892
53 537	21 835
7 975 828	4 963 665
4 457 778	3 567 582
140 547 728	128 080 594

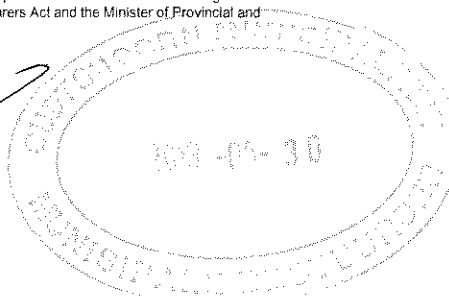
KEY MANAGEMENT PERSONNEL

Municipal Manager and his Directors is appointed on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
28		
EMPLOYEE RELATED COSTS (Continued)		
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager</i>	Total	Total
Annual Remuneration	293 393	558 806
Car Allowance	83 333	122 708
Telephone allowance	10 000	5 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	18 247	23 359
Other	78 288	-
Total	483 261	709 873
<i>The position of Municipal Manager is currently vacant</i>		
<i>Remuneration of the Director Financial Services</i>	Total	Total
Annual Remuneration	636 618	993 066
Car Allowance	115 194	115 313
Telephone allowance	7 627	6 400
Contributions to UIF, Medical, Pension Funds and Bargaining Council	9 307	149 744
Other	76 844	-
	845 590	1 284 522
<i>The position of Director Finance is currently vacant</i>		
<i>Remuneration of the Director Corporate Services</i>	Total	Total
Annual Remuneration	842 227	608 127
Car Allowance	120 000	100 000
Telephone allowance	9 600	4 500
Contributions to UIF, Medical, Pension Funds and Bargaining Council	11 513	-
Other	8 159	-
Total	991 500	712 627
<i>The Director Corporate Services currently acts in the position of Director Finance</i>		
<i>Remuneration of the Director Infrastructure and Technical Services</i>	Total	Total
Annual Remuneration	836 687	321 442
Car Allowance	123 540	51 475
Contributions to UIF, Medical, Pension Funds and Bargaining Council	11 822	-
Telephone allowance	9 600	4 250
Total	983 649	377 167
<i>Remuneration of the Director Community Services</i>	Total	Total
Annual Remuneration	707 412	431 352
Car Allowance	168 000	41 049
Telephone allowance	10 200	2 400
Contributions to UIF, Medical, Pension Funds and Bargaining Council	44 295	-
Other	79 932	-
Total	1 009 839	474 801
<i>The Director Community Services currently acts in the position of Municipal Manager</i>		
	2013 R	2012 R
29		
REMUNERATION OF COUNCILLORS		
Salaries	4 825 008	5 033 198
Pension	288 353	258 165
Travelling Allowance	1 715 426	1 772 013
Telephone Allowance	216 439	261 905
Medical Scheme	90 667	-
Skills Development Levy	60 781	-
Total Councillors' Remuneration	7 196 674	7 325 281
<i>In-kind Benefits</i>		
The Executive Mayor, Mayoral Committee members and the Speaker are full-time councillors. The Mayor, Mayoral Committee members and the Speaker are provided with secretarial support and an office at the cost of the Council.		
Certification by the Municipal Manager		
I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.		

Acting Municipal Manager



OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
30	DEBT IMPAIRMENT		
	Trade Receivables from exchange transactions - Note 19	11 225 977	5 038 363
	Trade Receivables from non-exchange transactions - Note 20	1 728 586	582 925
	Total Contribution to Debt Impairment	12 954 563	5 621 288
31	DEPRECIATION AND AMORTISATION		
	Property Plant and Equipment	17 753 984	19 175 609
	Investment Property	399 467	401 916
	Intangible Assets	71 611	85 880
	Capitalized Restoration Cost	227 206	228 407
		18 452 268	19 891 812
32	IMPAIRMENTS		
	Property Plant & Equipment	21 121	125 199
	Capitalized Restoration Cost	104 353	22 236
		125 475	147 435
33	FINANCE CHARGES		
	Long-term Liabilities	7 946 391	8 577 895
	Finance leases	340 590	463 690
	Tip site restoration contribution	4 767 758	104 825
	Pension Fund	-	30 542
	Other	-	109 011
	Total finance charges	13 054 739	9 285 963
34	BULK PURCHASES		
	Electricity bulk	105 036 611	98 569 536
	Water bulk	2 397 522	2 636 561
		107 434 133	101 206 097
35	GENERAL EXPENSES	2013 R	2012 R
	Audit Fees	5 539 804	3 085 315
	Advertisements	630 761	974 274
	Bank Charges	1 741 452	1 560 321
	Chemicals	729 456	886 802
	Calendar events	301 380	608 569
	Commission paid	4 168 810	2 598 863
	Professional Fees	1 139 470	4 344 362
	Membership Fees	1 054 110	261 160
	Financial Aid Scheme	796 540	735 529
	Fuel Cost	6 258 367	4 540 693
	Electricity	6 953 648	6 243 960
	Legal Cost	5 720 347	2 993 935
	Licence Fees	197 331	227 959
	Insurance	1 642 058	1 529 671
	Indigent Burials	327 560	189 145
	Postage	271 724	215 787
	Project Expenditure	2 859 712	2 193 615
	Printing and stationery	927 991	892 149
	Performance Management	307 534	194 759
	Penalties	2 127 271	-
	Safety clothes	624 207	452 661
	Speed camera fees	505 009	1 963 948
	Sport Development	832 260	666 912
	Social Assistance	415 877	-
	Tools and Equipment	147 800	147 881
	Tourism	236 038	400 000
	Inventory Items	1 527 754	1 022 181
	Telephone	2 772 298	2 688 999
	Training	1 233 698	943 057
	Travel and subsistence	2 107 447	2 006 603
	Ward Committee Functionality	159 468	91 000
	Water Levy	50 980	50 509
	Water	3 003 587	2 100 517
	Other	5 948 739	4 062 924
		63 260 488	50 874 058

ODTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

36 CORRECTION OF ERROR IN TERMS OF GRAP 3

Prior year adjustments due to non-compliance with Accounting policy and errors

- 36.1**
- (a) The operating lease assets was understated in the prior year due to the misinterpretation of the lease agreement between for the building leased to the Congo Caves. It is now corrected retrospectively with the following entries (Dt) Operating Lease asset (Dt) Advance Payable (Kt) Accumulated surplus (Kt) VAT.
 - (b) Correction of unspent grant opening balance due to national treasury not approving the full rollover of full amount but limiting rollover to total grant receipt in the PY. It is now corrected as (Dt) Unspent Grant (Kt) Accumulated surplus
 - (c) Bad debt written off on receivables from non exchange transactions in the prior year. Provision should have taken into account the amount written off. It is now corrected with the following entries (Dt) Accumulated Surplus (Kt) Provision for debtors
 - (d) Correction of sundry creditors in the prior year due to a VAT claim paid but later recalled by SARS. Initially it was classified as an expenditure in the current year but corrected as it relates to the prior year and is deemed payable in the prior year. It is now corrected with the following entries (Dt) Accumulated Surplus (Kt) Sundry Creditors
 - (e) Error on amortisation of intangible assets as a duplication in assets led to an incorrect depreciation charge in the prior year. It is now corrected with the following entries (Dt) Acc depreciation (Kt) Acc Surplus
 - (f) Prior period error due to non recognition of a refund due by Eskom, this relates to energy losses after a Eskom substation explosion in 2007. The correction was processed as follows (Dt) Sundry Debtors (Kt) Acc Surplus
 - (g) First time recognition of Erf 57, Dysseidsdorp. The correction was processed as follows (Dt) Investment Property (Kt) Acc Surplus.
 - (h) Prior period error on initial recognition on Erf 980, the asset was previously understated. The correction was processed as follows (Dt) PPE (Kt) Acc Surplus
 - (i) Correction on Cost and Accumulated depreciation on Community Assets stated incorrectly due to a variance on the asset register in the prior year. The correction was processed as follows (Dt) Community Assets (Kt) Acc Depreciation (Kt) Acc Surplus
 - (j) First time recognition of other assets recognised at fair value. The following entries were processed (Dt) PPE (Kt) Acc Surplus
 - (k) First time recognition of depreciation charge on other assets recognised at fair value. The following entries were processed (Dt) Acc Surplus (Kt) Acc Depreciation
 - (l) Correction of depreciation on incorrect classification of assets. The following entries were processed (Dt) Acc Depr (Kt) Acc Surplus
 - (m) Adjustment of depreciation on other assets with zero bookvalues. The following entries were processed (Dt) Acc depreciation (Kt) Acc Surplus
 - (n) Adjustment of consumer deposits as a old balance can no longer be traced to a consumer. The following entries were processed (Dt) Acc Surplus (Kt) Consumer deposits
 - (o) Adjustment to inventory based on prior year variance between stock listing and recorded transactions. The following entries were processed (Dt) Stock (Kt) Acc Surplus
 - (p) Adjustment to receivables, expenditure paid on behalf of the Congo Caves and not recorded in the advance account. The following entries were processed (Dt) Advance Congo Caves (Kt) Acc Surplus
 - (q) Adjustment to receivables, rental income receivable not accrued. The following entries were processed (Dt) Advance Congo Caves (Kt) Acc Surplus

36.2 Accumulated Surplus

Balance previously reported

- Correction on operating lease asset - see note 36.1.a
- Correction of unspent grant - see note 36.1.b
- Correction of bad debt written off - see note 36.1.c
- Correction of sundry creditors - see note 36.1.d
- Correction of prior year depreciation charge on intangibles - see note 36.1.e
- Correction on Sundry Debtors - see note 36.1.f
- First time recognition of investment property - see note 36.1.g
- Amendment to initial recognition of Erf 980 - see note 36.1.h
- Correction on Cost and Acc Depr of Community Assets - see note 36.1.i
- Correction on Cost and Acc Depr of Community Assets - see note 36.1.i
- Correction on Cost and Acc Depr of Community Assets - see note 36.1.i
- First time recognition of other assets at fair value - cost component - see note 36.1.j
- First time recognition of other assets at fair value - depr component - see note 36.1.k
- Correction on Other Assets on incorrect classification - depreciation component - see note 36.1.l
- Adjustment of depreciation on other assets with R0 bookvalues - see note 36.1.m
- Adjustment of consumer deposits - see note 36.1.n
- Adjustment to inventory - see note 36.1.o
- Adjustment to receivables from non exchange - see note 36.1.p
- Adjustment to receivables from non exchange - see note 36.1.q

Restated balance

2013 R	2012 R
	438 041 874
438 053	11 533 548
214 382	214 382
215 650	-
(18 162)	(3 388)
(1 003 362)	-
23 971	-
-	8 571 203
-	279 000
-	1 099 000
-	537 129
-	(606)
97	-
-	1 340 821
(166 731)	(636 402)
14 400	28 619
374	104 665
-	(875)
151 730	-
21 000	-
984 705	-
438 053	449 575 422

36.3 Operating lease Asset

Balance previously reported

Correction on operating lease asset - see note 36.1.a

Restated balance

1 077 824
162 942
1 240 766

36.4 Receivables from non exchange transactions- Suspense debtors

Balance previously reported

- Correction on operating lease asset - see note 36.1.a
- Correction on eskom bulk purchases - see note 36.1.f
- Adjustment to receivables from non exchange - see note 36.1.p
- Adjustment to receivables from non exchange - see note 36.1.q

Restated balance

4 782 863
303 037
8 571 203
21 000
984 705
14 662 809

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
36	CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continued)		
36.5	Value Added Tax		
	Balance previously reported		34 674 823
	Correction on operating lease asset - see note 36.1 a		37 215
	Restated balance		34 712 038
36.6	Unspent Grants		
	Balance previously reported		8 358 464
	Correction of unspent grant - see note 36.1 b		(215 650)
	Restated balance		8 142 814
36.7	Receivables from non exchange transactions - Rates		
	Balance previously reported		5 832 578
	Correction of bad debt written off - see note 36.1 c		21 550
	Restated balance		5 854 128
36.8	Sundry Creditors		
	Balance previously reported		24 930 888
	Correction of sundry creditors - see note 36.1 d		1 003 362
	Restated balance		25 934 250
36.9	Intangible Assets		
	Balance previously reported		167 698
	Correction of prior year depreciation charge on intangibles - see note 36.1 e		23 971
	Restated balance		191 669
36.10	Investment Property		
	Balance previously reported		85 999 252
	First time recognition of investment property - see note 36.1 g		279 000
	Restated balance		86 278 252
36.11	Property Plant and Equipment		
	Balance previously reported		532 292 732
	Amendment to initial recognition of Erf 980 - see note 36.1 h		1 099 000
	Correction on Cost and Acc Depr of Community Assets - see note 36.1 i		537 129
	Correction on Cost and Acc Depr of Community Assets - see note 36.1 i		(606)
	Correction on Cost and Acc Depr of Community Assets - see note 36.1 i		97
	First time recognition of other assets at fair value - cost component - see note 36.1 j		1 340 821
	First time recognition of other assets at fair value - depr component - see note 36.1 k		(803 134)
	Correction on Other Assets on incorrect classification - depreciation component - see note 36.1 l		43 019
	Adjustment of depreciation on other assets with R0 bookvalues - see note 36.1 m		105 039
	Restated balance		534 614 096
36.12	Inventory		
	Balance previously reported		1 415 358
	Adjustment to inventory - see note 36.1 o		151 730
	Restated balance		1 567 088
37	RECONCILIATION BETWEEN NET DEFICIT FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS	2013 R	2012 R
	Surplus/(Deficit) for the year	(16 565 190)	(5 396 630)
	Adjustments for:		
	Depreciation	18 380 650	19 933 821
	Amortisation of Intangible Assets	71 611	85 880
	Asset Impairment	125 475	147 434
	Debt Impairment	12 954 563	5 621 288
	Debt Impairment - Decrease	-	-
	Contribution to non current liability	4 767 758	104 825
	Contribution to employee benefits-current	(2 535 718)	3 923 923
	Contribution from/to employee benefits-non current	13 014 341	2 575 703
	Assets written off	1 370 195	2 598
	Operating lease income accrued	(524 979)	(502 134)
	Operating lease expenses accrued	-	(19 641)
	Operating Surplus/(Deficit) before changes in working capital	31 058 706	26 477 067
	Changes in working capital	(13 594 899)	(15 692 665)
	Increase/(Decrease) in Trade and Other Payables	1 092 684	(7 817 957)
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	4 381 203	(1 532 709)
	Increase/(Decrease) in Unpaid Conditional Public Grants and Reserves	-	(125 288)
	Increase/(Decrease) in Unspent Conditional Public Grants and Reserves	-	-
	Increase/(Decrease) in Taxes	2 200 724	1 410 851
	(Increase)/Decrease in Inventory	197 305	163 808
	(Increase)/Decrease in Trade and other receivables	(20 547 460)	(8 594 834)
	(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	(919 356)	803 354
	Cash generated/(absorbed) by operations	17 463 807	10 784 403

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
38 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following		
Call Investments Deposits - Note 22	9 487 635	12 107 740
Cash Floats - Note 22	10 534	10 534
Bank - Note 22	7 476 436	3 446 204
Total cash and cash equivalents	16 974 605	15 564 478
39 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 38	16 974 605	15 564 478
Less:	16 974 605	15 564 478
	15 563 176	13 382 697
Unspent Committed Conditional Grants - Note 9	12 524 017	8 142 814
VAT - Note 11	2 794 784	4 995 609
Unspent Public Contributions	244 374	244 374
Resources available for working capital requirements	1 411 429	2 181 781
40 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 2	108 307 043	78 800 298
Used to finance property, plant and equipment - at cost	(108 307 043)	(78 800 298)
Cash invested for repayment of long-term liabilities	-	-
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

41 BUDGET COMPARISONS

	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 (%)
Operational				
41.1 Revenue by source				
Property taxes	46 850 016	46 130 309	(1 280 293)	-3%
Government Grants and Subsidies- Capital	37 658 684	42 239 048	(4 580 364)	-11%
Government Grants and Subsidies-Operating	71 819 042	76 890 675	(5 071 633)	-7%
Public Contributions and Donations	120 000	-	120 000	100%
Third Party Payments	162 966	-	162 966	100%
Fines	925 657	1 200 000	(274 343)	-23%
Gain on disposal of Property, Plant and Equipment	1 186 135	1 100 000	86 135	8%
Service Charges	225 388 208	233 400 703	(8 012 495)	-3%
Rental of Facilities and Equipment	2 765 074	2 009 000	756 074	38%
Interest Earned - external investments	1 400 914	1 750 415	(349 501)	-20%
Interest Earned - outstanding debtors	5 313 211	4 830 000	483 211	10%
Agency Services	14 662 140	15 180 000	(517 860)	-3%
Other Income	10 713 007	10 082 078	630 929	6%
Contributed/ Donated PPE	2 187 892	-	2 187 892	100%
	421 152 946	436 812 228	(15 659 282)	-4%
Expenditure by nature				
Employee Related Costs	140 547 728	131 871 238	(8 676 490)	7%
Remuneration of Councillors	7 196 674	7 768 402	(571 728)	-7%
Debt Impairment	12 954 563	8 847 091	(4 107 472)	46%
Depreciation and Amortisation	18 452 261	20 389 376	(1 937 115)	-10%
Impairments	125 475	-	(125 475)	-100%
Assets written-off	1 370 195	-	(1 370 195)	-100%
Repairs and Maintenance	13 583 474	14 565 236	(981 762)	-7%
Actuarial losses	8 466 427	-	(8 466 427)	-100%
Finance Charges	13 054 739	8 929 774	(4 124 965)	46%
Bulk Purchases	107 434 133	104 760 080	(2 654 053)	3%
Contracted services	13 647 783	13 147 411	(500 372)	4%
Operating Grant Expenditure	27 278 260	31 273 032	(3 994 772)	-13%
General Expenses	63 260 488	55 524 769	(7 735 719)	14%
Agency Services	10 345 937	11 550 000	(1 204 063)	-10%
	437 718 135	408 646 409	(29 071 726)	-7%
Deficit for the year	(16 565 190)	28 165 819	(44 731 009)	
Details of variances above 10%				
Government Grants and Subsidies- Capital	-11%	Some grant funded projects still WIP		
Public Contributions and Donations	100%	Funds received from Standard Bank for Sport Festival not budgeted for		
Third Party Payments	100%	No budget for 3rd party payments as it is difficult to determine at start of year		
Fines	-23%	Service Provider resigned and no other service provider was appointed during the year		
Rental of Facilities and Equipment	38%	Variance due to accounting for smoothing of operating leases		
Interest Earned - external investments	-20%	Less funds available for investment purposes than anticipated		
Interest Earned - outstanding debtors	10%	Outstanding debtors book increased during the year, therefore more interest on outstanding debt than anticipated		
Other Income	6%	Due to recognition of Legal fees to paid back to the municipality based on a judgement by the Court.		
Contributed/ Donated PPE	100%	The municipality is unable to budget for donated assets		
Debt Impairment	46%	Contribution to provision increased due to write off of debt during the year		
Depreciation and Amortisation	-10%	Due to unbundling of infrastructure assets and a delay in the procurement of PPE		
Impairments	-100%	Determine at year end, difficult to budget for at start of year		
Assets written-off	-100%	Only identified with annual asset verification at end of year, therefore no budget.		
Actuarial losses	-100%	Based on the yearly actuarial report and not able to budget for this GRAP related expense		
Finance Charges	46%	Contribution to landfill site provision due to interest rate change not budgeted for.		
Operating Grant Expenditure	-13%	Housing project still in progress.		

ODUTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

41 BUDGET COMPARISONS (Continued)

	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 (%)
41.2 Expenditure by Vote				
Community & Social Services	19 121 003	16 602 048	2 518 955	15%
Electricity	126 646 914	123 404 312	3 242 602	3%
Executive & Council	69 661 112	53 423 250	16 237 862	30%
Finance & Admin	38 039 213	37 855 366	183 847	0%
Housing	23 296 504	27 551 733	(4 255 229)	-15%
Klein Karoo Water Scheme	9 054 013	8 996 614	57 399	1%
Other	2 590 383	2 622 882	(32 499)	-1%
Planning & Development	20 007 300	19 130 127	877 173	5%
Public Safety	27 059 827	26 602 004	457 823	2%
Road Transport	25 349 348	25 455 206	(105 858)	0%
Sport & Recreation	18 269 762	17 316 539	953 223	6%
Waste Management	25 097 746	16 859 571	8 238 175	49%
Waste Water Management	15 041 260	13 887 017	1 154 243	8%
Water	18 483 749	18 939 740	(455 991)	-2%
	437 718 135	408 646 409	29 071 726	7%
41.3 Capital expenditure by vote				
Executive & Council	262 098	367 377	(135 279)	-34%
Finance & Admin	851 612	1 015 999	(164 387)	-16%
Planning & Development	18 603 219	23 054 982	(4 451 763)	-19%
Public Safety	33 158	190 000	(156 842)	-83%
Community & Social Services	165 582	137 886	27 696	20%
Sport & Recreation	155 357	168 000	(12 643)	-8%
Waste Management	175 439	2 966 272	(2 790 833)	-94%
Road Transport	6 735 114	15 231 644	(8 496 530)	-56%
Waste Water Management	3 813 661	6 015 713	(2 202 052)	-37%
Water	10 444 765	15 391 492	(4 946 727)	-32%
Electricity	1 641 042	6 008 000	(4 366 958)	-73%
	42 881 047	70 577 365	(27 696 318)	-39%

Details of Material Variances above 10%

Executive & Council	-34%	Not all Office furniture and computer equipment were purchased
Finance & Admin	-16%	Saving on the procurement of handheld terminals
Planning & Development	-19%	Projects could not continue due to the late receipt of the Audit Report which was needed to take up the external loan
Public Safety	-83%	Projects could not continue due to the late receipt of the Audit Report which was needed to take up the external loan
Community & Social Services	20%	Capital items not budgeted for was purchased under operating expenditure
Sport & Recreation	-8%	Items purchased was within the budgeted amount
Waste Management	-94%	Refuse truck and other items could not be procured in time due to the late receipt of the audit report.
Road Transport	-56%	Projects could not continue due to the late receipt of the Audit Report which was needed to take up the external loan
Waste Water Management	-37%	Upgrading of WWTP was delayed due to the late receipt of the Audit report which was needed to take up the external loan
Water	-32%	Underspending on Borehole project due to late receipt of Audit report
Electricity	-73%	Projects could not continue due to the late receipt of the Audit Report which was needed to take up the external loan

42 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

42.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	78 784 042	71 290 113
Unauthorised expenditure current year - capital	27 696	44 074
Unauthorised expenditure current year - operating	33 921 303	7 449 854
Written off by council	-	-
Unauthorised expenditure awaiting authorisation	112 733 041	78 784 042

Unauthorised expenditure on operating votes is mainly due to provisional (book entries), amounts recognised in terms of GRAP implementation.

Incident	Disciplinary steps/criminal proceedings		
Over expenditure on votes 2012/2013	None	33 948 999	-
Over expenditure on votes 2011/2012	None	7 493 929	7 493 929
Over expenditure on votes 2010/2011	None	26 420 092	26 420 092
Over expenditure on votes 2009/2010	None	9 181 875	9 181 875
Over expenditure on votes 2008/2009	None	35 688 146	35 688 146
		112 733 041	78 784 042

2013	2012
R	R

42.2 Fruitless and wasteful expenditure

Opening balance
Fruitless and wasteful expenditure current year
Fruitless and wasteful expenditure awaiting further action

2 905 278	2 587 181
9 068 782	318 097
<u>11 974 060</u>	<u>2 905 278</u>

Incident	Disciplinary steps/criminal proceedings		
<i>Interest and penalties paid on PAYE, Eskom, Telkom, Fastnet, Cape Joint Pension Fund, VAT</i>	<i>None</i>	586 787	88 890
<i>Commission paid on VAT recovery contract</i>	<i>Referred to legal department</i>	2 035 605	-
<i>Payment made to incorrect service provider</i>	<i>Referred to legal department</i>	25 000	17 358
<i>Electricity losses above 10 %</i>	<i>None</i>	-	160 325
<i>Water Losses above 10%</i>	<i>None</i>	6 370 466	-
<i>Interest on unresolved account Klein Karoo Bpk</i>	<i>Investigation ongoing</i>	50 924	51 523
		9 068 782	318 097

2013	2012
R	R

Opening balance
Irregular expenditure current year

15 058 184	8 778 490
"	6 279 694

Irregular expenditure awaiting further action

15 058 184	15 058 184
------------	------------

Incident	Disciplinary steps/criminal proceedings		
<i>Brought Forward</i>		15 058 184	8 778 490
<i>Non-compliance with Supply Chain Management Policy</i>	<i>None</i>	-	6 279 694
		15 058 184	15 058 184

2013	2012
------	------

- Kilo litres disinfected/purified/purchased
- Kilo litres lost during distribution
- Percentage lost during distribution

7 407 078	7 335 251
2 073 141	223 370
27.99%	3.05%

Amount to disclose as fruitless and wasteful expenditure

6 370 466

- Units purchased (Kwh)
- Units lost during distribution (Kwh)
- Percentage lost during distribution

160 110 387	170 944 310
11 932 478	19 846 832
7.45%	11.61%

Amount to disclose as fruitless and wasteful expenditure

160 325

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
43 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
43.1 <u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>		
Council subscriptions	1 053 610	257 063
Amount paid - current year	(1 053 610)	(257 063)
Balance unpaid (included in creditors)	-	-
	2013 R	2012 R
43.2 <u>Audit fees - [MFMA 125 (1)(c)]</u>		
Opening balance	383 632	1 723 804
Current year audit fee	5 539 804	3 085 315
External Audit - Auditor-General	5 539 804	3 085 315
Amount paid - current year	(4 926 544)	(4 371 778)
Balance unpaid (included in creditors)	996 692	383 632
43.3 <u>VAT - [MFMA 125 (1)(b)]</u>		
Opening balance	5 032 723	3 070 603
Nett movements	(2 237 939)	1 962 120
Closing balance - Receivable	2 794 784	5 032 723
Vat in suspense due to cash basis of accounting		
Input VAT	15 317 851	39 707 547
Output VAT	(12 523 066)	(34 712 038)
Receivable	2 794 784	4 995 509
VAT is payable/receivable on the receipt basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors		
43.4 <u>PAYE, SDL and UIF - [MFMA 125 (1)(c)]</u>		
Current year payroll deductions and Council Contributions	17 426 333	15 149 189
Amount paid - current year	(17 426 333)	(15 149 189)
Balance unpaid (included in creditors)	-	-
43.5 <u>Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</u>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	33 867 462	29 974 289
Amount paid - current year	(33 867 462)	(29 974 289)
Balance unpaid (included in creditors)	-	-
43.6 <u>Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]</u>		
Councillors with arrear accounts for more than 90 days as at 30 June 2013		
	2013 R Outstanding more than 90 days	2012 R Outstanding more than 90 days
H Botha	-	196
J Goliath	-	4 223
C Ngalo	-	270
N E Ngalo	79	-
IV Van der Westhuizen	-	2 187
C Wagenaar	-	1 048
Total Councillor Arrear Consumer Accounts	79	7 923

ODTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

43.7 Deviations from the procurement processes

Deviations from, and ratifications of breaches of the Procurement Processes due to Specialised Services, Advertising, Accommodation, Sole Suppliers, Emergencies, Breakdowns, Strip and Quotes.
All the deviations were ratified by the Municipal Manager and reported to Council.

	Less than R 30 000	Between R 30 001 R 200 000	Between R200001 and R 2 000 000	More than R 2 000 000
Actebs	5 529	-	-	-
African Pillars Development	-	87 800	-	-
Ambassador Pinkster Kerk	2 500	-	-	-
Ambu -911	2 736	-	-	-
Angus Fire	29 640	-	-	-
Auto Electro	14 422	-	-	-
Auto Tech	18 842	-	-	-
Babcock	17 459	37 072	-	-
Bell Equipment	43 265	31 967	-	-
Bell Oak	11 286	-	-	-
Bowles drukkers	5 606	50 000	-	-
Brilliant Computers	15 472	-	-	-
C P Nel Oudtshoorn	12 193	-	214 900	-
C&D Du Preez	2 500	-	-	-
Cango Engineering	17 626	108 295	-	-
Cecil Taxi's	9 100	-	-	-
Civil Corp	35 880	53 223	-	-
Cheree Creations	-	162 060	-	-
Claychan Projects	4 345	-	-	-
Coastal Amature Winders & Suppliers	30 451	-	-	-
Coetzee & Van der Berg	12 792	-	-	-
Cosmic Gold Trading 386CC	-	-	234 000	-
CS Traffic	5 913	-	-	-
CWC Helderberg Protection	-	65 936	-	-
Dawson Verkoeling	17 471	-	-	-
De Villiers Neethling & Partners	-	43 540	-	-
Die Hoorn	1 290	-	-	-
Duncan Korabie Attorneys	24 700	206 395	1 509 844	-
Eden FM	20 201	-	-	-
Elan Print	6 030	-	-	-
Eya Bantu	11 533	33 322	-	-
FG Uniforms	15 217	108 861	-	-
Ferro Engineering	57 790	68 607	-	-
FMZ Cellular (MTN)	5 914	-	-	-
Forms Media Independent	11 833	-	-	-
Gearbox & Diff Centre	17 272	-	-	-
George Carpets & Curtains	-	-	204 598	-
George Lawnmowers	2 151	-	-	-
HPE Technologies	6 362	-	-	-
Hazard Bonaka Cape	8 468	-	-	-
Hi Tech Auto Enigneering	75 357	-	-	-
Hoistec Engineering	15 838	-	-	-
I.S.M.	18 126	-	-	-
I.T.S - George	-	49 500	-	-
IMPS - SA	-	44 250	-	-
Imvusa Trading 1014CC	-	145 000	616 800	-
Imvusa Trading 1581CC	-	87 500	-	-
Instrument Technology System	8 017	-	-	-
Irrikor	25 472	-	-	-
ITRON	-	79 360	-	-
J& E Communications	27 590	-	-	-
J&D Ship Services	-	91 373	-	-
Johnny's Electrical	6 629	-	-	-
Judea Building & Civil Contractors	10 850	-	-	-
K.K.Kooperasie; Jacobs pipes; Civil Corp	-	53 865	-	-
Klein Karoo Een Stop	5 945	-	-	-
Knowledge Base	2 052	-	-	-
Kobus le Grange	12 450	-	-	-
Lexis Nexis	7 028	-	-	-
Mac Nay	-	200 000	-	-
Maha Cape	8 230	-	-	-
Marce Fire Fighting Technology	14 729	90 200	-	-
Metsi Chem Ikapa	19 950	-	-	-
Meyers Body	3 500	-	-	-
Mindmuzik Media Ltd	2 712	-	-	-
Minolta	-	-	-	-
Mobicast	-	35 424	-	-
Mills Attorneys	-	-	438 973	-
Molao Academy	-	-	625 869	-
Motla Eng Suppliers	-	-	-	-
National Auto Glass	23 526	97 470	-	-
Nelson Mandela Metropolitan University	22 294	-	-	-
	-	123 922	-	-

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

43.7	<u>Deviations from the procurement processes (continued)</u>	Less than R 30 000	Between R 30 001 R 200 000	Between R200001 and R 2 000 000	More than R 2 000 000
	New Pro Technologies	10 830	-	-	-
	Oudtshoorn Grassnyerdienste	5 149	-	-	-
	Oudtshoorn Nissan	25 476	-	-	-
	Outeniqua Matie	-	157 000	-	-
	Outeniqua Office Machines	9 110	-	-	-
	Patel & Associates	-	657 624	231 192	-
	Peninsula Drums	-	37 620	-	-
	Penny pinchers	39 196	-	-	-
	PG Glass Oudtshoorn	21 486	-	-	-
	Pool Stop	-	38 224	-	-
	Pricewaterhouse Coopers	-	-	419 710	-
	Protea Ind Chemicals	17 591	-	-	-
	Pyro Chem	-	144 879	-	-
	Ramcom	-	107 196	-	-
	Ronell Lemmer	8 000	-	-	-
	S/Cape Comp. Air Services	7 655	-	-	-
	SA. Rock Drills cc	-	-	-	4 593 191
	Safety Xpress Stranberg C/ Sales	9 576	32 114	-	-
	Sanitech	-	41 297	-	-
	Saptouw Transport	10 900	-	-	-
	Selesco Catering	1 800	-	-	-
	Short's Nissan	48 691	-	-	-
	Smuts Familie Trust	90 024	-	-	-
	Specialized Air Brakes	15 949	-	-	-
	St Nicholas Catholic Parish	2 700	-	-	-
	Stanmar Motors	6 353	-	-	-
	Supa Quick	-	53 700	-	-
	Sureteck	4 730	-	-	-
	Swans Hardware	2 398	-	-	-
	The badge company	6 764	-	-	-
	Top Loo's	288 560	720 212	-	-
	TOPS	-	-	-	-
	Trekker & Diesel	87 205	-	-	-
	Tremenders	-	98 338	-	-
	Triple R Motors	33 886	-	-	-
	Tyre Rama	12 550	-	-	-
	Tyres & Treads	6 113	-	-	-
	U-Track it	5 000	-	-	-
	Van der Berg Vervoer	3 830	-	-	-
	Vodacom Chatz	7 189	-	-	-
	Voltex	3 507	112 608	-	-
	Waltons Stationary	12 048	-	-	-
	Webber Wentzel Attorneys	69 659	192 830	-	-
	Wessels & Kie Grafsteenwerke	20 454	-	-	-
	Winston Linford Motors	44 365	-	-	-
	Woodline Timber Ind.	-	143 768	-	-
		1 752 828	4 692 350	4 495 887	4 593 191

OUTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
43.8 Awards made to family members in service of the state (SCM reg 45)			
Item description	Relationship		
Nashua George (SCM28/2011)	CEO's spouse is the Municipal Councilor of another municipality.	333 891	79 370
Imvusa Trading 1561(8/2/1/63(10))	The shareholders family member is in the service of Oudtshoorn Municipality.	1 160 029	343 260
8/2/1/54(10) - Construction of Ellman & Arries Streets - Contract F - (Autumn Skies Trading 187 cc)	The shareholders family member is in the service of another municipality	-	702 044
Inyameko Trading 1147	The supplier had a member working at the WC Department of Health	23 530	380 257
RCJP Catering Services	The supplier had a member working at the NPA	23 530	6 108
OOPS Construction	The supplier had a member working at the WC Department of Education	-	14 239
Amba and Associates	The suppliers brother is a Councilor at another Municipality	200 935	79 200
Casidra	Director is working at the department of agriculture	385 570	230 838
Kamvelihle General Trading	Unclear relationship, but immediate family member in service of the state.	494 925	585 775
Landis + GYR	Unclear relationship, but immediate family member in service of the state.	152 863	165 032
Colas	Unclear relationship, but immediate family member in service of the state.	-	27 962
MAEMSA	Supplier in service of the Department of Energy	25 956	25 956
Victory Ticket 610	Supplier in service of the South African Police Service	-	16 500
Jophilmar Construction	Spouse is in service of Oudtshoorn Municipality	286 352	29 766
Elly Catering Services	Spouse is in service of Oudtshoorn Municipality	-	490
DSKT Construction	Spouse is in service of Oudtshoorn Municipality	-	62 150
Spring Forest Trading 184 cc	Mother in law is in service of Oudtshoorn Municipality	53 943	-
Vukani Builders	The suppliers son is a Councilor at the Municipality	89 151	-
Busi's Hire	The suppliers wife is in service of Oudtshoorn Municipality	13 671	-
MS. BA April	The father of the bidder is the Executive Mayor of Oudtshoorn Municipality	112 500	-
		3 356 845	2 748 947

44 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:

7 242 130	685 223
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Total commitments consist out of the following.

Blossoms Pipeline borehole
Construction of a conference Facility and offices at the De Jager Sport Complex
Construction of New Substation in Dysselsdorp
Low Voltage Reticulation, Service Connection and Installation of Ready Boards
Supply, Delivery and Refurbishment of Electrical Test Equipment
Construction of a Taxi Rank in Dysselsdorp
Paving of Mango Street
Paving of Klooflaan
Paving of Kanya Street
Paving of Arries street
Boreholes

3 406 809	-
892 605	-
281 523	-
19 847	-
147 607	-
2 493 739	-
-	8 696
-	50 216
-	182 649
-	135 656
-	308 005

This expenditure will be financed from:

External Loans
Own Funding
Government Grants

4 748 391	685 223
-	-
2 493 739	-
7 242 130	685 223

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
45	FINANCIAL RISK MANAGEMENT		
	The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance		
	(a) Foreign Exchange Currency Risk		
	The municipality does not engage in foreign currency transactions.		
	(b) Price risk		
	The municipality is not exposed to price risk.		
	(c) Interest Rate Risk		
	As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.		
	The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.		
	The municipality did not hedge against any interest rate risks during the current year.		
	The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:		
	0.5% (2012 - 0.5%) Increase in interest rates	(676 905)	(584 635)
	1% (2012 - 1%) Decrease in interest rates	1 353 809	1 169 270

ODTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

45

FINANCIAL RISK MANAGEMENT (Continued)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 19 and 20 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 19 and 20 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2013 %	2013 R	2012 %	2012 R
<u>Non-Exchange Receivables</u>				
Rates	100.00%	5 842 557	100.00%	5 850 740
<u>Exchange Receivables</u>				
Electricity	14.41%	5 632 187	12.06%	4 038 118
Water	49.47%	19 341 799	42.13%	14 107 502
Refuse	15.58%	6 091 111	20.53%	6 876 575
Sewerage	16.29%	6 370 145	20.51%	6 867 992
Other	4.25%	1 659 902	4.78%	1 599 122
	100.00%	39 095 144	100.00%	33 489 309

The provision for bad debts could be allocated between the different categories of debtors as follows:

Government	0.33%	149 007	0.43%	169 374
Business	7.43%	3 337 580	3.94%	1 550 246
Residential	73.03%	32 820 170	69.41%	27 308 748
Indigents	19.21%	8 630 945	26.22%	10 315 068
	100.00%	44 937 701	100.00%	39 343 436

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

45 FINANCIAL RISK MANAGEMENT (Continued)

	2013 R	2012 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	46 762 549	42 584 818
Receivables from non-exchange transactions	27 241 538	23 826 372
Cash and Cash Equivalents	16 974 605	15 564 478
Unpaid conditional grants and subsidies	981 375	62 020
	<u>91 960 068</u>	<u>72 179 293</u>

The municipality issued some guarantees in favour of trade creditors. Refer note 22

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2013				
Long Term liabilities	29 489 998	70 971 406	60 504 106	5 484 326
Capital repayments	14 848 434	39 644 345	45 943 592	4 844 001
Interest	14 641 564	31 327 061	14 560 514	640 326
Trade and Other Payables	29 316 471	-	-	-
Unspent conditional government grants and receipts	12 524 017	-	-	-
	<u>71 330 486</u>	<u>70 971 406</u>	<u>60 504 106</u>	<u>5 484 326</u>
2012				
Long Term liabilities	16 186 946	53 075 703	37 773 239	8 248 130
Capital repayments	8 535 130	31 491 877	27 711 624	7 108 180
Interest	7 651 816	21 583 827	10 061 615	1 139 950
Trade and Other Payables	27 708 063	-	-	-
Unspent conditional government grants and receipts	8 358 464	-	-	-
Cash and Cash Equivalents	-	-	-	-
	<u>52 253 473</u>	<u>53 075 703</u>	<u>37 773 239</u>	<u>8 248 130</u>

46 FINANCIAL INSTRUMENTS

In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected below.

46.1 Financial Assets	Classification	2013 R	2012 R
Investments			
Receivables			
Receivables from exchange transactions	Financial instruments at amortised cost	46 762 549	42 584 818
Short-term Investment Deposits			
Call Deposits	Financial instruments at amortised cost	9 487 635	12 107 740
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	7 476 436	3 446 204
Cash Floats and Advances	Financial instruments at amortised cost	10 534	10 534
		<u>63 737 154</u>	<u>58 149 297</u>
SUMMARY OF FINANCIAL ASSETS			
Financial instruments at amortised cost		63 737 154	58 149 297
At amortised cost		<u>63 737 154</u>	<u>58 149 297</u>

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

			2013 R	2012 R
46	FINANCIAL INSTRUMENTS (CONTINUE)			
46.2	Financial Liability	Classification		
	Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	90 431 939	66 311 683
	Capitalised Lease Liability	Financial instruments at amortised cost	1 787 289	2 517 409
	Payables from exchange transactions			
	Trade creditors	Financial instruments at amortised cost	75 996	16 482
	Deposits	Financial instruments at amortised cost	1 083 542	863 824
	Other	Financial instruments at amortised cost	26 201 610	24 930 888
	Current Portion of Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	14 848 433	8 535 127
	Capitalised Lease Liability	Financial instruments at amortised cost	1 239 382	1 436 078
			135 668 191	104 611 492
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		135 668 191	104 611 492
47	EVENTS AFTER THE REPORTING DATE			
	a Developer approached the supreme court of appeal to review a decision by the municipality to cancel the award of the tender, alleging that it had acquired rights to the contract. The appeal was rejected with costs on 24 May 2013. a Further appeal was lodged with the Constitutional court which was rejected with costs on 1 August 2013. According to Council's legal advisors, it is certain that the proceedings will result in the recovery of legal fees. The amount is undetermined at this stage.			
48	IN-KIND DONATIONS AND ASSISTANCE			
	The Municipality received the following in-kind donations and assistance:			
	Assets donated to the Municipality (Refer note 25)			
	Development Bank of South Africa-Secondment of staff			
49	PRIVATE PUBLIC PARTNERSHIPS			
	Council has not entered into any private public partnerships during the financial year.			
50	CONTINGENT LIABILITY			
	No adjustable or non-adjustable contingent liabilities were identified for the year ended 30 June 2013			

ODTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

51 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

51.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

51.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 28 to the Annual Financial Statements.

Related party transactions

These fees relate to payments made on behalf of Councillors in prior years.

	Cell phones	Travel Allowances	Pension	Outstanding Balances 30 June 2013
51.3 Councillors				
Abrahams A	4 198	-	-	4 198
Apri G	-	898	23 765	24 663
Biljohn S	21 827	-	-	21 827
Billy S	12 028	-	10 056	22 084
Blaauw B	39 941	-	-	39 941
Damonds E	25 398	-	-	25 398
Fortuin E	51 872	829	8 242	60 943
Gangatele N	26 508	-	-	26 508
Griebelaar	40 960	-	-	40 960
Gunguluza GN	61 269	1 494	22 243	85 006
Harmse J	42 187	-	12 131	54 317
Jansen J	26 465	-	-	26 465
Kawa W	39 229	2 149	13 264	54 643
Le Kay A	57 121	852	17 495	75 469
Le Roux B	2 711	-	-	2 711
Luiters P	2 103	-	-	2 103
May M	93 492	-	4 281	97 773
Ngalo CN	-	2 141	10 935	13 076
Ngalo EN	10 263	-	13 312	24 948
Pannas B	39 832	1 252	10 056	51 140
Phillips GZ	127 903	829	13 264	141 996
Soman S	39 106	429	10 056	49 590
Swartbooi JC	53 771	1 185	29 584	84 541
V/d Westhuizen IG	4 217	-	-	4 217
Wagenaar C	34 955	-	9 239	44 194
Windvogel K	84 099	-	-	84 099

51.4 Other related party transactions

Refer to Note 43.8 for detail on related party transactions

	2013 R	2012 R
51.5 Entity Transactions		
Cango Caves Administrative Fee	1 149 928	1 047 889
Cango Caves lease payment	1 049 925	999 929
Donation of asset by Cango Caves	511 754	-

12 PROPERTY, PLANT AND EQUIPMENT
30 JUNE 2013

Reconciliation of Carrying Value

Cost Accumulated Depreciation and Impairment Losses

	Opening Balance R	Correction	Restated opening balance	Transfers	Additions R	Written Off R	Closing Balance R	Opening Balance R	Correction	Restated opening balance	Transfers	Additions R	Written Off R	Closing Balance R	Carrying Value R
Land and Buildings	122 329 978	-	122 329 978	517 509	-	-	122 947 487	978 135	-	978 135	565 925	374 526	-	1 918 687	121 028 799
Land	90 440 534	-	90 440 534	(61 117)	-	-	90 379 417	-	-	-	-	-	-	-	90 379 417
Buildings	31 889 044	-	31 889 044	678 625	-	-	32 567 669	978 135	-	978 135	565 925	374 526	-	1 918 687	30 648 963
Infrastructure	514 728 778	-	514 728 778	-	29 781 325	(47 300)	544 462 803	162 348 337	(71)	162 348 330	-	11 998 247	(26 179)	174 320 389	370 142 404
Electricity	57 109 337	1 830 805	58 938 842	-	1 455 792	-	60 394 733	17 897 622	16 149	18 013 771	-	1 298 109	-	19 301 880	41 092 853
Water	272 457 659	(310 210)	272 147 448	-	10 202 428	-	282 349 678	84 078 355	16 931	84 065 286	-	4 960 647	-	89 055 933	183 293 944
Sewerage	27 068 018	-	27 068 018	-	3 813 661	-	30 881 680	10 460 106	512	10 460 618	-	700 284	-	11 160 002	19 720 777
Roads and Stormwater	159 694 764	(1 520 365)	158 174 399	-	14 309 444	(47 300)	170 836 513	39 812 254	(33 599)	39 778 655	-	5 049 207	(26 179)	44 801 683	126 034 829
Community Assets	36 262 138	-	36 262 138	-	12 887 533	-	49 149 671	838 874	-	838 874	-	355 423	-	1 194 297	47 955 373
Parks and Gardens	554 069	-	554 069	-	-	-	554 069	23 588	-	23 588	-	13 180	-	36 768	517 393
Libraries	2 903 756	-	2 903 756	-	-	-	2 903 756	113 238	-	113 238	-	29 014	-	142 253	2 761 504
Recreation Grounds	23 620 313	-	23 620 313	-	12 887 533	-	36 507 846	347 115	-	347 115	-	224 453	-	571 568	36 236 278
Civic Buildings	8 884 000	-	8 884 000	-	-	-	8 884 000	354 933	-	354 933	-	88 767	-	443 701	8 440 299
Lease Assets	9 166 649	-	9 166 649	-	562 969	-	9 729 618	5 533 791	-	5 533 791	-	1 456 556	-	6 990 347	2 739 272
Vehicles and Office Equipment	9 166 649	-	9 166 649	-	562 969	-	9 729 618	5 533 791	-	5 533 791	-	1 456 556	-	6 990 347	2 739 272
Other Assets	41 328 946	-	41 328 946	(678 625)	2 510 743	(2 683 773)	40 477 330	19 603 256	-	19 503 256	(565 925)	3 569 131	(1 313 576)	21 192 883	19 284 446
Office Equipment	4 675 795	-	4 675 795	(525 236)	512 546	(327 180)	4 335 856	2 500 256	-	2 500 256	(466 513)	523 087	(185 591)	2 371 238	1 864 617
Furniture & Fittings	5 774 477	-	5 774 477	-	262 293	(99 046)	5 937 714	3 425 690	-	3 425 690	-	619 550	(67 828)	3 987 321	1 950 093
Motor Vehicles	6 076 557	-	6 076 557	-	35 158	(849 720)	5 260 394	2 189 329	-	2 189 329	-	427 900	(343 561)	2 273 757	2 086 037
Emergency Equipment	439 896	-	439 896	(153 329)	-	(47 506)	392 381	178 735	-	178 735	-	59 741	(2 098)	236 378	156 003
Computer Equipment	3 082 244	-	3 082 244	-	1 156 592	(23 880)	4 065 626	1 851 518	-	1 851 518	(99 413)	355 783	(16 644)	2 091 344	1 972 382
Workshop Equipment and Tools	6 050 112	-	6 050 112	-	368 765	(393 842)	6 025 035	3 252 734	-	3 252 734	-	537 140	(188 363)	3 561 481	2 433 564
Trucks	15 229 484	-	15 229 484	-	175 439	(942 599)	14 462 323	6 104 993	-	6 104 993	-	1 045 632	(509 363)	6 641 462	7 820 861
723 816 489	-	-	723 816 489	(61 117)	45 742 610	(2 731 073)	766 765 909	189 202 393	(7)	189 202 386	-	17 763 984	(1 339 757)	205 616 613	561 160 284

OUDTSHOORN MUNICIPALITY NOTES TO

30 JUNE 2012

Reconciliation of Carrying Value

Reconciliation of Carrying Value			Accumulated Depreciation and Impairment Losses										Carrying Value									
			Cost					Transfers					R									
			Restated		Written off		Closing Balance		Opening Balance		Adjustments		Transfers		Additions		Written off		Closing Balance		R	
			R		R		R		R		R		R		R		R		R		R	
Land and Buildings	121 230 978	1 099 000	122 329 978	-	-	-	122 329 978	845 288	-	645 288	-	332 847	-	978 135	121 351 844							
	88 341 934	1 099 000	90 440 934	-	-	-	90 440 934	-	-	-	-	-	-	90 440 934								
	31 889 044	31 889 044	31 889 044	-	-	-	31 889 044	845 288	-	645 288	-	332 847	-	978 135	30 810 910							
Infrastructure			487 232 184	-	487 232 184	(18 444)	514 728 778	151 101 701	-	151 101 701	-	11 263 542	(16 806)	162 348 337	352 380 441							
Electricity	54 436 934	-	54 436 934	-	57 108 337	(11)	16 819 952	-	16 819 952	-	1 177 680	(10)	17 997 622	39 110 715								
Water	269 144 560	-	269 144 560	-	272 457 659	(18 433)	89 285 458	-	89 285 458	-	4 800 794	(16 806)	94 078 354	178 378 304								
Sanitation	26 075 332	-	26 075 332	-	27 068 018	-	9 786 832	-	9 786 832	-	6 732 715	-	10 460 106	16 607 912								
Roads and Stormwater	137 575 358	-	137 575 358	-	20 519 406	-	158 084 764	-	35 209 460	-	4 602 704	-	39 812 254	118 282 510								
Community Assets			28 268 852	537 129	28 805 980	-	38 262 138	542 545	510	543 055	-	293 820	-	838 874	35 423 264							
Parks and Gardens	554 069	-	554 069	-	-	-	554 069	10 383	-	10 383	-	13 204	-	23 588	530 482							
Libraries	2 903 756	-	2 903 756	-	-	-	2 903 756	84 201	-	84 201	-	29 038	-	113 239	2 790 517							
Recreation Grounds	15 927 026	537 129	16 464 155	-	-	-	23 920 313	181 867	510	182 377	-	163 738	-	347 115	23 573 186							
Civic Buildings	8 884 000	-	8 884 000	-	-	-	8 884 000	266 093	-	266 093	-	88 840	-	354 933	8 929 057							
Lease Assets			9 303 193	-	9 303 193	(136 544)	9 166 649	3 890 932	-	3 890 932	-	1 965 616	(22 757)	5 533 791	3 632 859							
Vehicles and Office Equipment	9 303 193	-	9 303 193	-	(136 544)	-	9 166 649	3 890 932	-	3 890 932	-	1 965 616	(22 757)	5 533 791	3 632 859							
Other Assets			40 125 373	1 340 821	41 466 193	(214 484)	41 328 945	13 316 989	655 076	13 974 065	-	5 617 784	(85 603)	19 503 258	21 925 689							
Office Equipment	443 777	-	443 777	-	-	-	4 675 786	1 417 867	223 675	1 641 542	-	884 021	(25 307)	2 500 256	2 175 520							
Furniture & Fittings	5 405 487	372 486	5 777 963	-	(3 476)	-	5 774 477	2 171 335	200 396	2 371 731	-	670 431	(3 472)	3 405 690	2 405 767							
Motor Vehicles	6 215 726	(148 615)	6 069 112	7 845	-	-	6 076 957	1 609 773	(98 525)	1 510 020	-	670 309	-	2 180 329	3 987 628							
Emergency Equipment	319 674	121 593	441 266	-	(1 380)	-	439 886	67 857	54 721	122 578	-	57 537	(1 380)	78 352	361 152							
Computer Equipment	2 814 183	205 947	3 020 131	-	(7 288)	-	3 032 244	1 273 112	53 091	1 328 203	-	532 503	(7 288)	1 851 518	1 700 725							
Workshop Equipment and Tools	5 763 414	6 080 429	11 843 843	-	(30 371)	-	6 050 112	2 255 705	166 391	2 422 066	-	859 358	(27 720)	3 252 734	2 797 378							
Trucks	15 347 959	26 619	15 374 578	-	(145 094)	-	15 229 484	4 522 350	55 555	4 577 904	-	1 548 525	(21 438)	6 104 993	9 124 491							
			685 160 580	2 976 950	698 137 528	-	723 816 489	168 487 464	655 586	170 153 050	-	19 175 609	(126 286)	189 302 393	534 614 096							

APPENDIX A
OUTDSHOORN LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2012	Received during the period	Redeemed/ written off during the period	Balance at 30 JUNE 2013
ANNUITY LOANS							
Witprop	Prime-0.5%	3028182572	2015/06	1 014 152	-	(317 769)	696 383 59
Standard Bank	12.65%	-	2021/06	20 405 542	-	(630 432)	19 775 110.31
Standard Bank	11.70%	-	2021/06	6 971 773	-	(705 144)	6 266 628.74
FNB	11.97%	-	2016/06	9 037 588	-	(316 671)	8 720 916.68
Standard Bank	11.09%	-	2022/12/31	-	7 568 558	-	7 568 558.00
Standard Bank	11.70%	-	2023/06/20	-	27 176 272	-	27 176 272.00
Development Bank of SA				37 417 756	-	(2 341 253)	35 076 502
Urban Infrastructure Project 10608/1	14.00%	10608/1/01	2017/06	4 603 805	-	(330 447)	4 273 357
Multiple Infrastructure 101096/1	10.41%	101096/1	2024/06	7 496 790	-	(160 796)	7 335 994
Multiple Infrastructure 101096/2	10.16%	101096/2	2019/12	275 923	-	(12 594)	263 329
Electrification 9017	11.00%	9017	2013/12	2 593 273	-	(817 395)	1 775 878
Multiple Infrastructure 101647/1	10.82%	101647/1	2025/12	3 197 369	-	(118 421)	3 078 948
Multiple Infrastructure 101647/2	10.07%	101647/2	2020/06	1 142 858	-	(71 429)	1 071 429
Multiple Infrastructure 101647/3	10.07%	101647/3	2015/06	167 760	-	(27 960)	139 800
Infrastructure 102003/1	10.59%	102003/1	2025/12	7 815 790	-	(289 474)	7 526 316
Electricity And Water 102292/1	10.62%	102292/1	2026/05	4 245 638	-	(151 630)	4 094 008
Electricity And Water 102292/2	10.62%	102292/2	2016/06	1 424 488	-	(178 061)	1 246 427
Deep Aquifer Hydrogeological 13774	15.67%	13774	2021/06	619 456	-	(16 405)	603 051
Infrastructure 102617/1	10.35%	102617/1	2027/06	3 252 282	-	(108 409)	3 143 872
Infrastructure 102617/2	10.53%	102617/2	2017/06	582 324	-	(58 232)	524 092
Total Annuity Loans				74 846 810	34 744 830	(4 311 269)	105 280 372

LEASE LIABILITY							
PBX TelkomSA	12.00%		2013/03	92 574		(92 574)	-
VW Citi Golf 1.4 Chico CG23237	11.98%		2013/01	11 370		(11 370)	-
VW Citi Golf 1.4 Chico GC15063	11.98%		2013/01	11 370		(11 370)	-
Isuzu KB 250 LWB Base CG23176	12.01%		2013/01	16 407		(16 408)	-
Isuzu KB 250 LWB Base CG23182	11.99%		2013/01	22 415		(22 415)	-
Isuzu KB 250 LWB Base CG23180	12.00%		2013/01	20 370		(20 370)	-
Nissan UD 40L C/Cab 4.6T B&P/Load 554 GC19999	12.00%		2014/01	79 163		(48 244)	30 919
Isuzu KB 250 Fleetside (2007) CG24866	11.99%		2014/01	56 859		(34 651)	22 208
Isuzu KB 250 Fleetside (2007) CG22357	11.99%		2014/01	55 901		(34 068)	21 834
VW Citi Golf 1.4i Tenaciti EU2 CG24879	11.99%		2014/01	30 878		(18 819)	12 060
VW Citi Golf 1.4i Tenaciti EU2 CG24878	11.99%		2014/01	30 878		(18 819)	12 060
Isuzu KB 250 Fleetside (2007) CG24867	11.99%		2014/01	54 711		(33 343)	21 368
Panasonic Copier DP 180 Serial LGE4XW0085	12.01%		2013/08	12 353		(10 481)	1 872
Panasonic Copier DP 180 Serial LGE4XW00047	12.01%		2013/08	12 353		(10 481)	1 872
Panasonic Copier DP 180 Serial HGE4XW00003	12.01%		2013/08	12 353		(10 481)	1 872
Panasonic Copier DP 180 Serial KGE4XW0006C	12.01%		2013/08	12 353		(10 481)	1 872
Panasonic Copier DP 180 Serial DGE4XW00134	12.01%		2013/08	12 353		(10 481)	1 872
Panasonic Copier DP 180 Serial KGE4XW00063	12.01%		2013/08	12 353		(10 481)	1 872
Opel Corsa Utility CG 26463	12.10%		2015/01	54 088		(18 983)	35 105
Isuzu KB 250 CG 26458	11.99%		2015/01	82 536		(28 971)	53 565
Isuzu KB 250 CG 26464	11.99%		2015/01	82 536		(28 971)	53 565
Isuzu KB 250 CG 26451	11.99%		2015/01	90 638		(31 814)	58 824
Gestelner MPC Serial V22846601018	12.00%		2013/03	12 216		(12 216)	-
Chevrolet Aveo CG 7740	7.75%		2016/01	93 158		(24 107)	69 050
Chevrolet Aveo CG 7735	7.75%		2016/01	93 158		(24 107)	69 050
Chevrolet Aveo CG 7730	7.75%		2016/01	93 158		(24 107)	69 050
Chevrolet Aveo CG 7738	7.75%		2016/01	93 158		(24 107)	69 050
Ford Bantam CG 9433	7.75%		2016/01	88 757		(22 933)	65 824
Ford Bantam CG 9445	7.75%		2016/01	62 935		(16 270)	46 665
Ford Bantam CG 9442	7.75%		2016/01	65 808		(17 024)	48 784
Ford Bantam CG 9447	7.75%		2016/01	72 833		(18 840)	53 993
Nissan CG10994	9.00%		2016/01	199 794		(50 842)	148 951
Nissan CG10975	9.00%		2016/01	199 794		(50 842)	148 951
Nissan CG12180	9.00%		2016/02	101 841		(24 543)	77 298
Nissan CG12186	9.00%		2016/02	130 479		(31 444)	99 035
Nissan CG10243	9.00%		2016/01	112 780		(27 921)	84 859
Nissan CG1993	9.00%		2016/01	112 780		(27 921)	84 859
Nissan CG7605	9.00%		2016/01	112 780		(27 921)	84 859
Nissan CG7718	9.00%		2016/01	112 780		(27 921)	84 859
Nissan CG9038	9.00%		2016/01	86 678		(21 459)	65 219
Nissan CG14312	9.00%		2016/03	104 406		(25 161)	79 245
Nissan CG14241	9.00%		2016/03	104 406		(25 161)	79 245
Nissan CG14280	9.00%		2016/03	104 406		(25 161)	79 245
Nissan CG13212	9.00%		2016/03	104 406		(25 161)	79 245
Nissan CG14245	9.00%		2016/03	104 406		(25 161)	79 245
Nissan CG14285	9.00%		2016/03	104 406		(25 161)	79 245
Nissan CG13157	9.00%		2016/03	91 852		(22 136)	69 717
Nissan CG12199	9.00%		2016/02	104 983		(25 300)	79 683
Nissan CG10230	9.00%		2016/01	103 851		(25 710)	78 141
Nissan CG10239	9.00%		2016/01	103 851		(25 710)	78 141
Konica Minolta Photocopier C203 (420037950)	10.50%		2012/12	7 791		(7 790)	-
Nashua Pro 1107 V5100200026	9.00%		2013/10	136 246		(100 642)	35 605
Panasonic QJK 0925717	9.00%		2013/12	66 781		(43 516)	23 265
Panasonic Copier Serial Z6A2B3DC100021	12.01%		2015/11	-	82 796	(13 861)	68 934
Ford Kuga 2.5 AWD Titanium Auto	11.99%		2015/10	-	292 009	(56 192)	235 817
Toyota Hilux 2.5 D-4D SRX R/E	11.99%		2018/02	-	188 164	(9 363)	178 800
Total Lease Liabilities				3 953 488	562 969	(1 489 785)	3 026 672

TOTAL EXTERNAL LOANS

78 800 298 35 307 799 (5 801 054) 108 307 044

APPENDIX B - Unaudited
ODTSHOORN LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013
MUNICIPAL VOTES CLASSIFICATION

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R		2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
1 404	(5 570 974)	(5 569 571)	Office of the Municipal Manager	12 289	(1 747 606)	(1 735 316)
-	(5 940 451)	(5 940 451)	Office of the Exec Mayor & Committee	-	(6 748 319)	(6 748 319)
-	(2 337 114)	(2 337 114)	Manager Corporate	-	(1 793 969)	(1 793 969)
129 850 667	(40 522 589)	89 328 078	Council General	154 782 441	(50 462 201)	104 320 240
-	(17 388)	(17 388)	Office of the Deputy Mayor	-	(1 098 421)	(1 098 421)
-	(200 261)	(200 261)	Office of the Speaker	-	(838 346)	(838 346)
-	-	-	Strategic Portfolio Committee	-	(42 504)	(42 504)
-	-	-	Finance Portfolio Committee	-	(22 797)	(22 797)
-	-	-	Corporate Portfolio Committee	-	(33 915)	(33 915)
-	-	-	Community Service Portfolio Committee	-	(30 346)	(30 346)
-	-	-	Technical Service Portfolio Committee	-	(29 726)	(29 726)
-	(703 085)	(703 085)	Legal services	-	(6 812 961)	(6 812 961)
-	(5 435 221)	(5 435 221)	Admin Finance	-	(2 042 189)	(2 042 189)
-	(10 301 491)	(10 301 491)	Finance Income	-	(10 159 330)	(10 159 330)
-	(3 957 763)	(3 957 763)	Finance Expenditure	-	(4 421 763)	(4 421 763)
-	(3 565 258)	(3 565 258)	Finance Accounting Services	-	(3 984 321)	(3 984 321)
-	-	-	Supply Chain Management	-	(44 715)	(44 715)
-	(7 933 503)	(7 933 503)	Administration	-	(8 968 563)	(8 968 563)
-	(6 384 414)	(6 384 414)	Human Resources	-	(5 282 494)	(5 282 494)
-	(1 901 283)	(1 901 283)	Computer Data / IT	-	(2 115 371)	(2 115 371)
-	(892 015)	(892 015)	Internal Audit	-	(1 020 468)	(1 020 468)
-	14 679	14 679	Civic Centre/Land & Buildings	-	-	-
-	(11 415 083)	(11 415 083)	Corporate Wide Strategic Planning	-	(13 305 271)	(13 305 271)
-	(5 294 834)	(5 294 834)	Town Planning	-	(6 702 029)	(6 702 029)
15 935 362	(20 246 339)	(4 310 976)	Traffic & Licensing	15 921 386	(22 658 966)	(6 737 580)
-	(3 562 433)	(3 562 433)	Fire Fighting	-	(4 400 862)	(4 400 862)
-	(12 157)	(12 157)	Vehicle Testing Centre	-	-	-
-	(5 019 899)	(5 019 899)	Manager Community Services	-	(6 700 046)	(6 700 046)
-	(3 273 522)	(3 273 522)	Bridgton Community Hall	-	(5 226 726)	(5 226 726)
-	-	-	Bongolethu Community Hall	-	(544 878)	(544 878)
-	(416 815)	(416 815)	Dysseldorp Community Hall	-	(26 724)	(26 724)
-	(4 383 693)	(4 383 693)	Admin Library Services	-	(4 929 125)	(4 929 125)
-	13 205	13 205	Libraries	-	8 031	8 031
-	(1 468 496)	(1 468 496)	Cemetery & Crematoriums	-	(1 701 535)	(1 701 535)
1 579 903	(2 328 895)	(748 992)	Cango Mountain Resort	1 502 444	(2 205 688)	(703 243)
1 636	-	1 636	Cango Mountain Resort Restuarant	47 117	-	47 117
283 771	(199 781)	83 990	Bridgton Resort	327 124	(569 001)	(241 877)
-	(132 707)	(132 707)	Arbeidsgeot	-	(84 456)	(84 456)
-	(8 631 300)	(8 631 300)	Parks & Gardens	-	(9 413 497)	(9 413 497)
-	(3 428 926)	(3 428 926)	De Jager Sportcomplex	-	(3 969 992)	(3 969 992)
-	(96 019)	(96 019)	Sport & Recreation (Brid/De Rust and Bongl)	-	(121 052)	(121 052)
-	-	-	Bridgton Sportgrounds	-	210	210
-	(1 689 436)	(1 689 436)	Swimming Pools	-	(1 906 645)	(1 906 645)
-	-	-	Bridgton Swembad	-	360	360
-	(12 828 752)	(12 828 752)	Housing	1 260 354	(23 296 504)	(22 036 150)
-	(1 177 125)	(1 177 125)	Bulk Waste	-	(1 513 283)	(1 513 283)
12 018 392	(7 623 752)	4 394 640	Refuse Removal	13 345 684	(13 252 597)	93 087
-	(17 130)	(17 130)	Sanitation	-	(56 029)	(56 029)
-	(7 767 645)	(7 767 645)	Street Cleansing	-	(10 275 837)	(10 275 837)
-	(489 712)	(489 712)	Main Roads	-	(234 996)	(234 996)
-	(10 371 507)	(10 371 507)	Admin Streets	-	(9 628 288)	(9 628 288)
-	(11 033 431)	(11 033 431)	Roads and Stormwater	-	(12 425 567)	(12 425 567)
-	(2 359 303)	(2 359 303)	Job Creation	-	(3 060 496)	(3 060 496)
-	(83 615)	(83 615)	Stormwater	-	(107 160)	(107 160)
-	(1 414 069)	(1 414 069)	Admin Sewerage	-	(1 900 124)	(1 900 124)
21 021 888	(6 984 817)	14 037 071	Sewerage Purification	22 410 295	(7 524 569)	14 885 726
241 348	(4 745 935)	(4 504 587)	Sewerage Network	311 198	(5 239 694)	(4 928 496)
973 566	(161 386)	812 180	Dysseldorp Sewerage	1 001 227	(257 265)	743 961
-	(297 223)	(297 223)	Public Toilets	-	(12 447)	(12 447)
36 005 197	(4 381 543)	31 623 654	Water Storage	39 181 112	(3 810 852)	35 370 261
-	(12 181 988)	(12 181 988)	Water Distribution	-	(13 621 295)	(13 621 295)
(121 737)	(2 137 589)	(2 259 326)	Dysseldorp Water	(1 331)	(1 051 603)	(1 052 934)
-	(965 299)	(965 299)	Manager Infrastructure	-	(1 853 735)	(1 853 735)
139 972 000	(3 022 523)	136 949 477	Admin Electricity	156 474 407	(7 441 247)	149 033 160
-	(110 981 447)	(110 981 447)	Electricity Distribution	-	(117 177 377)	(117 177 377)
5 948 209	(161 665)	5 786 544	Dysseldorp Electricity	7 018 198	(174 555)	6 843 643
-	(123 999)	(123 999)	Airport	-	(162 607)	(162 607)
-	(1 704 105)	(1 704 105)	Workshop/ Fleet	320	(2 427 776)	(2 427 456)
7 457 848	(6 315 262)	1 142 586	Klein Karoo Water Scheme	7 558 679	(9 054 013)	(1 495 334)
371 169 455	(376 566 085)	(5 396 630)	Total	421 152 946	(437 718 135)	(16 565 190)

APPENDIX C
 OUDTSHOORN LOCAL MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013
 GENERAL FINANCE STATISTIC CLASSIFICATIONS

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R		2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
129 852 070	(52 954 748)	76 897 323	Executive & Council	154 794 731	(67 867 143)	86 927 588
-	(24 151 749)	(24 151 749)	Budget & Treasury	-	(21 672 786)	(21 672 786)
-	(18 556 314)	(18 556 314)	Corporate Services	-	(18 160 397)	(18 160 397)
-	(16 709 918)	(16 709 918)	Planning & Development	-	(20 007 300)	(20 007 300)
-	-	-	Health	-	-	-
-	(14 534 540)	(14 534 540)	Community & Social Services	-	(19 121 003)	(19 121 003)
-	(12 828 752)	(12 828 752)	Housing	1 260 354	(23 296 504)	(22 036 150)
15 935 362	(23 820 928)	(7 885 566)	Public Safety	15 921 386	(27 059 827)	(11 138 442)
1 865 310	(16 507 064)	(14 641 754)	Sport & Recreation	1 876 685	(18 269 762)	(16 393 077)
12 018 392	(16 585 652)	(4 567 260)	Waste Management	13 345 684	(25 097 746)	(11 752 062)
22 236 802	(13 687 045)	8 549 757	Waste Water Management	23 722 720	(15 041 260)	8 681 460
-	(24 253 954)	(24 253 954)	Road Transport	-	(25 349 348)	(25 349 348)
43 341 308	(25 016 383)	18 324 926	Water	46 738 461	(27 537 762)	19 200 699
145 920 209	(115 130 934)	30 789 275	Electricity	163 492 605	(126 646 914)	36 845 690
-	(1 828 104)	(1 828 104)	Other	320	(2 590 383)	(2 590 063)
371 169 455	(376 566 085)	(5 396 630)	Total	421 152 946	(437 718 135)	(16 565 190)

APPENDIX D - Unaudited
 OUDTSHOORN LOCAL MUNICIPALITY
 DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2012	Correction	Restated Balance 1 JULY 2013	Grants Received	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2013
	R	R	R	R	R	R	R
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS							
<u>National Government Grants</u>							
Equitable Share	-	-	-	43 034 000	43 034 000	-	-
Department of Water Affairs	-	-	-	1 894 000	1 894 000	-	-
Department of Water Affairs (Refurbishment)	-	-	-	500 000	500 000	-	-
RBIG Grant- (DWAF)	-	-	-	8 000 000	-	8 000 000	-
Local Government Financial Management Grant	-	-	-	1 250 000	1 248 159	1 841	-
DME Electrification New Housing Project	1 066 650	(215 650)	851 000	1 000 000	-	1 022 998	828 002
Municipal Systems Improvement Grant	-	-	-	800 000	800 000	-	-
Municipal Infrastructure Grant	-	-	-	17 505 000	106 388	17 398 612	-
Seta	-	-	-	497 668	497 668	-	-
Extended Public Works Program	1 068 203	-	1 068 203	2 350 000	4 130 257	253 059	(965 113)
Infrastructure Van Wykskraal	(16 262)	-	(16 262)	-	-	-	(16 262)
Neighbourhood Development Grant Grant (NDPG)	(45 758)	-	(45 758)	10 825 000	-	9 939 272.86	839 970
Total National Government Grants	2 072 833	(215 650)	1 857 183	87 655 668	52 210 472	36 615 783	686 596
<u>Provincial Government Grants</u>							
CDW operational support grant	-	-	-	108 000	108 000	-	-
Library Services	-	-	-	657 000	657 000	-	-
Integrating Housing Settlement Grant	3 013 283	-	3 013 283	16 953 700	17 216 703	-	2 750 280
ABS Programme	-	-	-	5 000 000	1 260 354	-	3 739 646
Housing Consumer Educator	48 681	-	48 681	-	-	-	48 681
Provincial Sport Grant	0	-	-	94 000	-	-	94 000
Public Transport Facilities	1 999 806	-	1 999 806	2 003 206	-	1 191 413	2 811 599
Military Sport Academy	1 000 000	-	1 000 000	-	-	-	1 000 000
Finance Management Support Grant	-	-	-	250 000	-	-	250 000
Thusong Centre Operational Support Grant	-	-	-	218 000	218 000	-	-
Total Provincial Government Grants	6 061 770	-	6 061 770	25 283 906	19 460 658	1 191 413	10 694 205
<u>District Municipality Grants</u>							
Upgrading of Rural Sport Grounds	137 744	-	137 744	-	-	-	137 744
LED Strategy	10 114	-	10 114	-	-	-	10 114
Recovery Plan	13 983	-	13 983	-	-	-	13 983
Dysselsdorp Rural Development	-	-	-	-	-	-	-
Total District Municipality Grants	161 841	-	161 841	-	-	-	161 841
TOTAL	8 296 444	(215 650)	8 080 794	112 939 574	71 670 530	37 807 196	11 542 642
<u>Public Grants</u>							
NLDTF- Construction of Sport Grounds	14 021	-	14 021	-	-	-	14 021
Donation N.A Smit	117 303	-	117 303	-	-	-	117 303
Umsobomvo Youth Fund	-	-	-	-	-	-	-
Alpha Aan Den Rijn- Aids Program	-	-	-	-	-	-	-
Klein Karoo Agri- Suikerbult	1 851	-	1 851	-	-	-	1 851
Tuiniqua Consulting Engineers	111 200	-	111 200	-	-	-	111 200
Standard Bank Sport Development	-	-	-	120 000	120 000	-	-
Total Other Grant Providers	244 375	-	244 375	120 000	120 000	-	244 375
Total	8 540 819	(215 650)	8 325 169	113 059 574	71 790 530	37 807 196	11 787 017